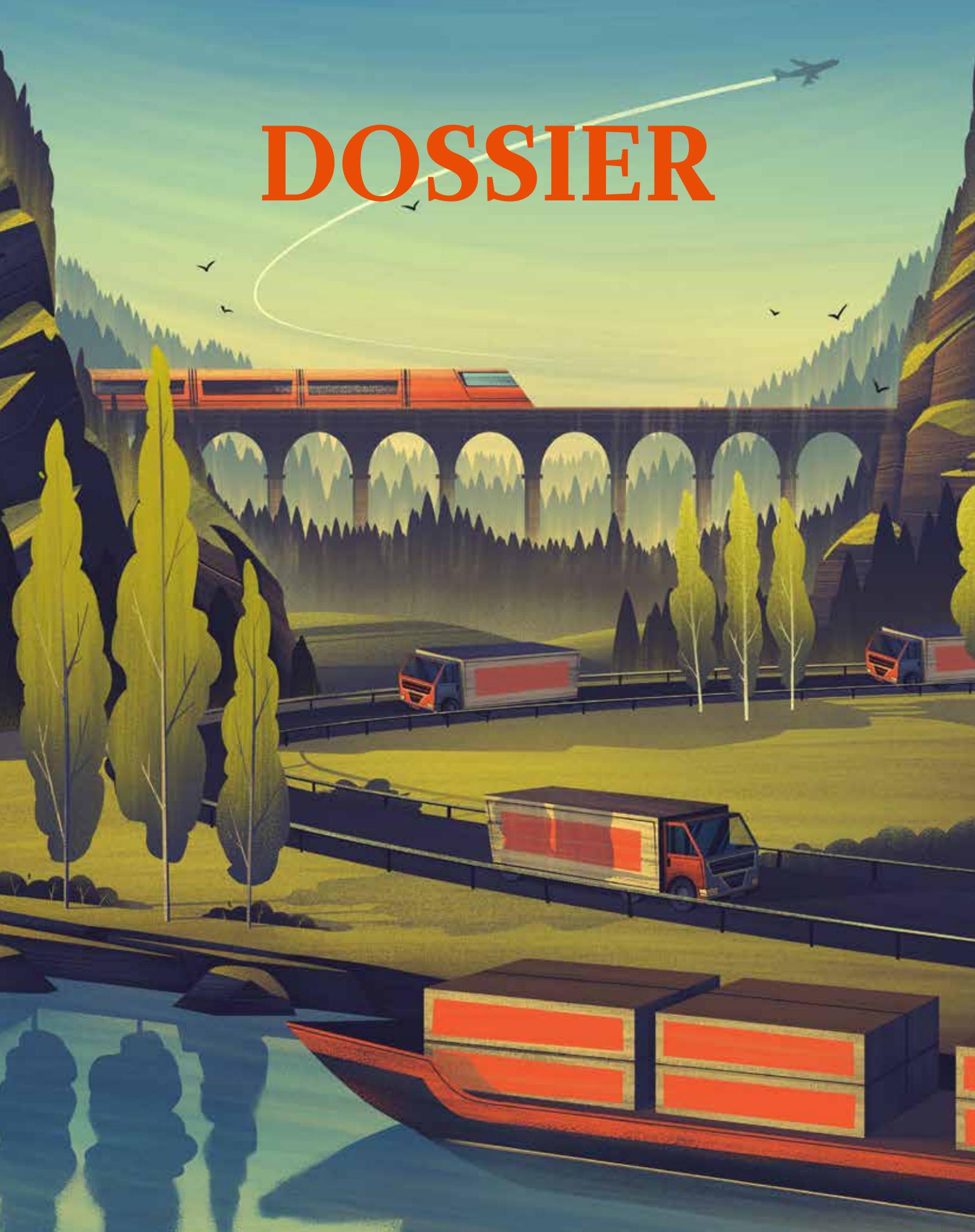


DOSSIER



LOGISTICS

ALWAYS FASTER, ALWAYS FURTHER

While logistics must contend with a complex and challenging environment, it nevertheless remains a significant driving force of the European economy and a cornerstone of Luxembourg's economic diversification policy. With over 100,000 m² of additional distribution warehouses under construction and 135 million euros of investments since 2013, the country enjoys an efficient, intercontinental and multimodal logistics platform.

Text: Marie-Hélène Trouillez /
Cluster for Logistics Luxembourg



Logistics is a key factor in economic globalisation and its development must enable Europe to keep its industrial base. The integration of digital and new technologies known as “Industry 4.0” requires a new approach to organising the means of production, with the establishment of “smart factories,” which are better able to adapt production and allocate resources more efficiently. Production processes with a strong focus on data exchange result in a worldwide distribution of labour, further developing the supply chains of industrial companies and third-party service providers, also known as Third-Party Logistics or 3PL.

Luxembourg's physical location in the heart of Europe's TEN-T core network corridors puts the country in a privileged position to play a role in the international network of high value-added logistics and combined transport. The TEN-T development programme of transport infrastructures within the European Union, managed by the Trans-European Transport Network (TEN-T), aims to facilitate the development of trade, in particular through the interoperability of different networks, and enable the creation of a true single market, while increasing the modal share of the most environmentally friendly modes of transport and accelerating the integration of new member countries.

With no less than 18.6 billion tonnes transported in Europe in 2014 for a business volume estimated at 960 billion euros, the logistics sector employs

approximately 13,000 people in Luxembourg, i.e. 4% of total employment, and generates 3.8 billion euros in terms of annual revenue.

LOGISTICS TRENDS IN EUROPE AND AROUND THE WORLD

Germany, which has acted as a catalyst for Europe in recent years, would not be the dominant industrial country in Europe without advanced logistics enabling it to export worldwide and import goods and key components within shorter and shorter time frames. Transport has always been closely linked to core industrial and commercial activities in Luxembourg and now depends increasingly on the transit operations of the country's neighbours.

The neighbouring countries of the Grand Duchy of Luxembourg are all key players in logistics. Germany, number one in Europe, with a turnover of 235 billion euros (43 tonnes per capita) in 2014, forecasts 2% growth in 2016 and provides 2.9 million jobs. France ranks second with a turnover of 124.7 billion euros (35.4 tonnes per capita), followed by the Netherlands with 56.4 billion euros (55.6 tonnes per capita) and lastly, Belgium with 32.4 billion euros (45.6 tonnes per capita). Traditionally a transit country with a high transport rate of 74.5 tonnes per capita, Luxembourg's booming logistics sector is built on heavy industry and its central geographic location. Belgium, the Netherlands and Luxem- ▶

Belgium, the Netherlands and Luxembourg have a combined average of 58.8 km of motorways per 1,000 km² compared with 14 km for the EU-28 countries and 9 km for the United States.



Access to ports in the North Sea (photo: Antwerp) explains the competitiveness of Luxembourg's logistics sector with 7.3% of GDP compared to an average of 6.7% in 30 European countries.

bourg have a combined average of 57 km of motorways for 1,000 km² compared to 14 km for the EU's 28 member states and 9 km for the United States.

Access to major ports within the North Sea explains the competitiveness of Luxembourg's logistics sector with 7.4% of GDP compared with an average of 6.7% in 30 European countries.

In 2015, the European sector felt the brunt of the repercussions of the "new normal" financial conditions, which characterised China's transition from an overheated economy to a more stable, growing economy, and the economic downturn in Brazil and Russia following economic sanctions, resulting in the drop in volumes of ports in Northern Europe (-9.3% in Hamburg and -4.3% for Bremerhaven).

The ports in North-West Europe where Luxembourg plays the role of Hinterland (*the area of influence and economic attraction of a port, in other words the area that a port supplies or where it draws its resources,*

“
The logistics sector employs approximately 13,000 people in Luxembourg, i.e. 4% of total employment.
”

editor's note) have fared better, with Rotterdam remaining stable (+0.4%) and Antwerp even experiencing an increase of 7.5%. With 95% of intercontinental traffic by sea, ports are gateways for the international movement of goods, and major distribution centres depend on this traffic.

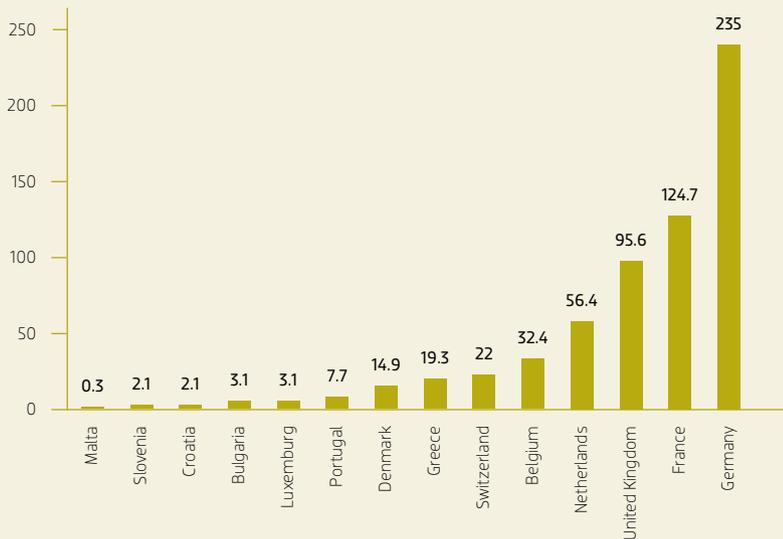
The sector is only just recovering from the 2009 recession after an economic slump and the increased use of subcontracting, which reached 48% in Germany, with an average of 40% in the EU and EEA. This industrial subcontracting enables manufacturers to withstand losses, maintain levels of employment and innovation in Europe and increase their share in the export market.

THE MAIN PLAYERS AND INFRASTRUCTURES IN LUXEMBOURG

In 2015, 738,000 tonnes of freight - or 5% of the EU's 28 member states - were transported via Luxembourg compared to 708,000 tonnes in 2014, which represents an increase of 4.2% in one year and nearly 10% in 10 years. Luxembourg recorded growth at nearly twice the world average, while global air freight only increased by 2.3%. This demonstrates that exporters, freight forwarders and airline companies recognise Luxembourg's excellent central position in Europe. In 2014, the World Bank's Logistics Performance Index (LPI 2014), ranked Luxembourg eighth amongst the top countries in logistics!

Logistics market shares for different European countries in 2014 (in billions of euros)

Source: Fraunhofer IIS 2015/16



Luxembourg invested heavily in its strategic diversification. In 2014, the Pharma and Healthcare Center has opened its doors at Findel CargoCenter. The same year, the Luxembourg Freeport, the first free zone in the country, has been inaugurated next to the airport. The multimodal logistics platform in Bettembourg-Dudelange, located in a triangle bordered by the shunting yard, the Dudelange railway line and the A13 motorway, is modernized and considerably enlarged.

In 2017, the infrastructures, linking Luxembourg and the Greater Region of Luxembourg with the rest of Europe by combined road and rail transport, will give access to the Italian, Spanish, Polish, Turkish and Chinese markets. Capacity will increase from currently 80,000 to 300,000 containers and from 45,000 to 300,000 semitrailers. Two to four times a day, the rail motorway enables 44-tonne semitrailers to cover the 1,050 km between Le Boulou, near the Spanish border, and Bettembourg in just 14 hours instead of 20 hours by road. This rail motorway eases traffic on the North-South route and produces on average 200 kg of CO₂ compared to 1 tonne by road.

In Europe, 78% of goods transportation is carried out by road. Rail follows with an average of 7% and inland waterways with 3% are significantly lower than maritime transport which represents 8%. Access to the sea, which provides access to significant international freight traffic, dominates the logistics of Luxembourg's neighbours. Three major ports are located within a 500-km radius of Luxembourg, namely Rotterdam, Antwerp and Zeebrugge. ▶



INTERVIEW
CARLO THELEN

President, Cluster for Logistics

“ Reinventing the mobility of people and goods. ”

What are your priorities as Chairman of Cluster for Logistics?

"The investments made in infrastructures and skills development are beginning to bring positive results. These measures promote Luxembourg as a logistics hub and encourage our members to explore new markets. I believe the priorities are threefold. The rapid implementation of the Single Window for Logistics (SWL) programme will enable procedures to be simplified, computerised and automated. Collaboration between operators in the sector should be strengthened to remain at the cutting edge of technology. Lastly, our promotional and training activities need to be constantly developed and tailored to meet companies' needs.

What is special about Cluster for Logistics?

"Cluster for Logistics is funded differently to other clusters and innovation networks grouped under the 'Luxembourg Cluster Initiative,' launched by the government and run by Luxinnovation, which aims to develop advanced technologies. Cluster for Logistics is funded by its members and founding members – including Luxembourg's Chamber of Commerce – and receives aid from the Luxembourg government for specific projects such as the Lean and Green programme and

implementing the SWL programme. Its objective is to collaborate with private players and observers from Luxembourg ministries within working groups or at events. The cluster also participates in events that are likely to create new opportunities for our members.

What conclusions can be drawn from the "Mobility and logistics" group set up as part of the study on the third industrial revolution?

"It is about reinventing the mobility of people and goods. Developing clean modes of transport by reducing the demand for energy and inventing the Internet of logistics and movements are the first challenges we need to address. Improvements in productivity would be based on the pooling of tracking transport, and storage methods. The Internet of logistics concept can be applied to the mobility of people, where issues concerning complementary services, network interconnections, the sharing of information and the optimisation of infrastructures require operators to coordinate. Applying the principles of a circular economy in all action areas will improve economic and social well-being while preserving non-renewable natural resources."

www.clusterforlogistics.lu



Blue Belt: a single transport area for shipping

Luxembourg is miles from the sea, but this does not stop it from being active in the maritime transport sector.

The country has tools to meet the needs of professionals within the ocean economy. The Luxembourg Maritime Cluster is responsible for defending and promoting this ecosystem at conferences and events such as Maritime Day which took place on 3 May last year.

Freight forwarders and exporters currently criticise the heavy administrative burden in ports that causes costs and delays and makes the maritime sector less appealing compared to other modes of transport. In 2015, the Committee presented measures aiming to simplify the customs formalities for ships.

The communication "Blue Belt: a single transport area for shipping" has been adopted and presents two proposals for easing the formalities applicable to the maritime sector by amending the existing customs code (CCIP, Customs Code Implementing Provisions).



01.

They represent 50% of ocean freight volume in Europe. If we add the port of Hamburg, this rate increases to 80%. One of the objectives of the Bettembourg-Dudelange multimodal platform is to strengthen its rail links with these ports in the Baltic Sea and the North Sea.

LOGISTICS JOBS AND PROFILES IN A NUTSHELL

The demand for skilled labour remains high. Logistics companies are looking for motivated young people and there are numerous job opportunities requiring precision, reliability and motivation. Luxembourg's government anticipates an increase in employment in the sector with the opening of the new Bettembourg-Dudelange logistics hub.

Faced with more and more challenges across the globe from new information and communication technologies (ICT), companies will need to find technological expertise in transport services, with employees trained by 2020.

The various job roles are classed by area of expertise:

Transport: Luxembourg employs mainly lorry drivers, express delivery drivers and train drivers. 330 shipping companies operate in the Grand Duchy of Luxembourg, offering opportunities to be sailors and boatmen for merchant shipping.

Logistics: employment in this sector is made up of charterers, routing agents, shipping agents, logistics providers, professional packers, warehouse workers, distribution agents, warehouse managers and order pickers.

Services: experienced specialists are in-demand with the expansion of large companies in Luxembourg: sales agents, procurement and sales managers, customs agents, insurance agents, customer services managers and training managers.

Technology: numerous opportunities are offered, since fleet vehicles – lorries, trains, planes and barges – all require maintenance workers, freight handlers, mechanics and engineers.

IT: logistics operations are increasingly linked to IT and young talent and experts in new technologies are in demand. For example, IT managers, support coordinators and specialised programmers are all in high demand.

TRAINING IS DEVELOPING WITH THE SECTOR

The wide range of jobs offered by the logistics sector is unfortunately not very well-known by the general public. Hence the significance in promoting the sector through various actions, including Logistics Day, which takes place in Europe every April. Promotion of the sector is also carried out by further developing training in Luxembourg.

After the DAP (vocational diploma) was created in 2006, a new DT (technician diploma) course was established in September 2015.

The fourth year of secondary school education in Luxembourg is taught alongside DT administrative and commercial training. From the fifth year of secondary school education in Luxembourg, training alternates, with two days in school and three

2014 Logistics Performance Index (LPI)

Source: The World Bank

| Country | 2014 Ranking | 2012 Ranking |
|-----------------|--------------|--------------|
| Germany | 1 | 4 |
| The Netherlands | 2 | 5 |
| Belgium | 3 | 7 |
| United Kingdom | 4 | 10 |
| Singapore | 5 | 1 |
| Sweden | 6 | 13 |
| Norway | 7 | 7 |
| Luxembourg | 8 | 15 |
| United States | 9 | 9 |
| Japan | 10 | 8 |
| Ireland | 11 | 25 |
| Canada | 12 | 14 |
| France | 13 | 12 |
| Switzerland | 14 | 16 |
| Hong-Kong | 15 | 2 |

days in a company. Training leads to a large number of administrative and organisational job roles such as administrator, who organises transport, warehouse manager, who manages storage, or the customs agent, who regulates the administrative formalities.

While the DAP prepares young people directly for the labour market, the DT enables participants to continue their studies to a BTS (advanced vocational training certificate), which is currently taught outside of Luxembourg and mainly in France and Germany.

“Qualilog,” a new programme in Luxembourg, is dedicated to people looking for employment. It involves a continuing professional education cycle, enabling job roles within the logistics and transport sector in Luxembourg to be promoted. This three-month training programme aims to teach participants about the job roles and expertise within the sector and prepare interested jobseekers who want to further their knowledge and expertise.

It prepares participants for roles such as freight handlers, order pickers, warehouse workers, warehouse managers and delivery drivers. This programme is run by the CNFPC (Luxembourg’s national vocational training centre), in collaboration with the ADEM (Luxembourg’s national employment administration).

The Lifelong Learning Centre offers, in partnership with the Panthéon-Assas University and the University of Strasbourg, 396 hours of training including a master in logistics project management and a master in international procurement.



02.

Recently established by Luxembourg’s Chamber of Commerce and Chamber of Trade, the ISEC (Luxembourg’s higher institute of economics) represents the desire of employers to provide academic training and diplomas in the areas of business management, IT, logistics and sustainable construction.

Finally, a new institute, called the Luxembourg Centre for Logistics (see box on page 54), is being launched in collaboration with the prestigious Massachusetts Institute of Technology in Boston.

Cluster for Logistics supports the establishment of this institute, which will offer seminars and continuing education programmes whilst further developing research and specialisation.

TARGETING NICHES AND VALUE-ADDED SERVICES

Since Cluster for Logistics was established in 2009, the Luxembourg government has followed a “Logistics and Transport” national action plan developed by the Ministry of Economy and the Ministry of Sustainable Development and Infrastructure (MDDI). Substantial investments have been made, with the aim of positioning Luxembourg as a modern and multimodal intercontinental logistics platform.

In 2012, Cluster for Logistics, run today by Malik Zeniti and with 100 members, was commissioned to undertake a study called *Future for Logistics* (FutLog) which aimed to identify the challenges faced by long- and medium-term players, define strategic objectives and set lines of action and concrete projects to implement. The findings of the study ►

01. The Freeport building, with 22,000m² over four floors, defines the new standards in terms of preserving, storing and managing valuable works of art and objects.

02. The rail motorway means semi-trailers can cover 1,050 km in just 14 hours instead of 20 hours by road.



INTERVIEW
JANET JIANG

Regional manager China,
Cargolux

“**We are one of the leading airfreight carriers in China today.**”

Following your recent appointment as a regional manager China, Cargolux, what are your new challenges?

“China has been a major focus for Cargolux since we began operations in 1972. Following our partnership with HNCA in 2014, we have boosted our presence and business in China and are one of the leading airfreight carriers in this market today. With our long-standing experience, we can see two challenging aspects in China. One is the slowdown of the economic growth with exports that dropped by 25.4% and imports by 13.8% for the February 2016 trade figures. But while many talk of a slump, Cargolux does not necessarily subscribe to that. We see it as a return of the growth rate to more sustainable levels. We believe that the situation has been met with a decisive response by the Chinese Central Bank and Central Government. Secondly, the problem of overcapacity is still obvious, it has caused the export market rate to stay at a low level, which can be challenging for any short term profitability growth.

What is the impact for Luxembourg of the strategy of Cargolux for China?

“The Cargolux board of directors has approved an investment of US\$77 million for the set-up of our joint-venture airline, Cargolux China, in Zhengzhou. Cargolux will be a 35% shareholder in the new

company, together with Henan Civil Aviation Development and Investment Co. (HNCA), Xin Gang Investment & Development Co., Ltd. and the Henan Airport Group Co., Ltd. The Henan province follows a long-term plan to attract investments and be the primary link between China to Europe, all in line with, and supported by the Chinese Government. It will develop innovative ways to promote foreign trade, including the expansion of trials in cross-border e-commerce and to encourage processing trade to move to the central and western regions. For Cargolux, a truly global network for the truly global customers is the key to success and Cargolux China plays an essential part in the airline's strategy to be the global cargo carrier of choice.

What are the strong points of Luxembourg?

“Luxembourg is a strong country with a deep cultural heritage and a healthy economy and, with Cargolux's increasing presence in China, more and more Chinese enterprises are convinced that Luxembourg is a business-friendly nation with a convenient central location in Europe. Cargolux's hub at Luxembourg airport not only offers fast connections to our worldwide destinations, but also direct highway connections to all major European financial and industrial centres.”



01.

including 222 recommendations were submitted to the government.

Some of these recommendations are particularly relevant, including:

- Developing niches, which offer opportunities for growth and resilience.
- Developing the Eurohub to a freight platform recognised for its value-added activities.
- Benchmarking Luxembourg with its current and future competitors.
- Admitting non-European products thanks to an effective VAT scheme.
- Creating a development group for air freight with relevant players and administrations.

Luxembourg must increase its competitiveness and innovate its services. For better results and to reduce costs, modes of transport should be better combined. It is not enough to distinguish itself by the usual factors such as volumes, growth and geographic

“**The wide range of jobs offered by the logistics sector is unfortunately not very well-known by the general public.**”

01. Malik Zeniti runs Cluster For Logistics Luxembourg, which aims to serve, represent and promote Luxembourg's logistics sector and support its members with regards to innovation and training.

02. The promotion of the logistics sector is also carried out by further developing training in Luxembourg.



02.

location, because competitor hubs are highlighting similar characteristics. Luxembourg needs to be different by displaying its capacity to offer logistics services that are at the forefront of progress, ensure quality, speed and security, as well as offering excellence in terms of innovation and sustainable development, all supported by effective marketing tools.

Converting the former US military base known as WSA into a logistics centre for Bettembourg-Dudelange will depend on foreign traffic and Luxembourg should consider the possibility of positioning it as a multimodal site by effectively linking traffic from 90 different destinations to Findel with an area for subcontracted logistics services. This multilingual and innovative service could provide significant added value and position Luxembourg in relation to other airports (London, Frankfurt, Paris and Amsterdam) that are often saturated... Knowing that a tonne transported in Germany has an average value of 75,000 euros, air freight is still a major factor.

The Pharma and Healthcare Center, opened in Findel in April 2014, was quickly praised by logistics specialists in pharmaceutical products, as it was the first airport to be certified to the most recent European GDP standards for pharmaceutical products. Monitoring methods for transporting hi-tech goods ensure merchandise can be checked at any time and highly qualified and specialised employees accompany the products. Four temperature-controlled storage areas meet even the most specific client needs.

Players from the cold chain sector, together with experts in perishable goods, attended general logistics exhibitions in Munich, Shanghai and Turkey as well as more specialised exhibitions such as Cool Chain Europe, which took place in Frankfurt last January. Cool Chain Europe has become the leading exhibition for players within cold chain pharmaceutical logistics. A significant exchange platform, it groups together a hundred sponsors, equipment manufacturers and players within the pharmaceutical and biotechnology industries. Cluster for Logistics is a member of the European Logistics Association (ELA), the Cool Chain Association (CCA) and forms the Luxembourg link in Bundesvereinigung Logistik (BVL), facilitating access to the international logistics network.

Another niche is Luxembourg Freeport, a high security, specialist free port that opened in 2014, that complies with all OECD guidelines on money laundering and has a 24-hour customs checkpoint. It is in the process of establishing itself in the discreet and traditional world of works of art and other valuables, as well as the role it is expected to play in diversifying the financial centre.

A SINGLE WINDOW FOR BETTER COMPETITIVENESS

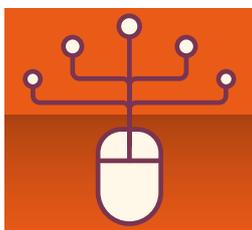
A single window project launched in 2010 by Luxembourg customs and taken up by a wider group of players, the Single Window for Logistics (SWL) ►



Logistics training in Luxembourg

A DAP was established in 2006, and a new DT course was started in 2015. From the fifth year of secondary school education in Luxembourg, training takes place alternately and provides opportunities in administrative and organisational trades. While the DAP prepares participants in the labour market, the DT enables access to the BTS qualification, where courses are taught outside of Luxembourg. Qualilog, a continuing professional education cycle managed by the CNFPC, aims at preparing jobseekers interested in trades such as freight handlers and order pickers. The Lifelong Learning Centre offers, in partnership with two universities in France, a master in logistics project management and a master's in international procurement. Lastly, the ISEC will offer, among other things, formal education and diplomas in logistics.

E-commerce and logistics were at the centre of debates during Logistics Day organised by Cluster for Logistics on 19 April 2016. The first European e-commerce and logistics event – Deliver – will be held in Luxembourg on 7 and 8 September 2016.



Luxembourg Centre of Logistics

Luxembourg's logistics sector is going to benefit from a research, education and knowledge transfer centre which will help to make Luxembourg a European centre for transport and logistics. The Luxembourg Centre of Logistics works with the prestigious Massachusetts Institute of Technology (MIT) in Boston. The centre will offer a master in logistics chain management, planned for 2017, as well as seminars and continuing education programmes while conducting research projects in close cooperation with the industrial sector. The institute will be integrated into the Faculty of Law, Economics and Finance of the University of Luxembourg. Luxembourg's partnership with MIT enables access to the institute's network of leading experts and industry contacts from across the world.

programme, is developing too slowly according to operators (see box on page 50). The complex processes, the significant number of players and government offices involved and the various different incompatible operating systems are all factors that make SWL difficult to implement. The single administrative point of access aims at reducing data processing time, minimising the waiting time of goods, and working to improve Luxembourg's logistics.

Ultimately, due to high labour costs and property prices, Luxembourg is struggling to be regarded as a key logistics hub. The purpose of the paperless administration project is to allow operators to submit standardised documents in a single administrative access point to process all formalities required for importing, exporting and transporting goods. This speeds up the process for acquiring a licence while complying with legal requirements of international trade.

“
Companies will need to find technological expertise in transport services, with employees trained by 2020.
”

However, it seems that Luxembourg is lagging behind and SMEs have not yet integrated all their digital technologies. Luxembourg's e-governance is 22nd out of 28 countries in the European community (*e-governance is the application of information and communication technologies, by the public sector, with the aim of improving the provision of information and services, encouraging citizens to participate in decision-making processes and making the government more responsible, transparent and effective, editor's note*) and the number of IATA (International Air Transport Association) electronic airway bills (eAWB) is continuously increasing, with a penetration rate of 37% (*e-AWB aims at making airway bills paperless. Under IATA's e-freight initiative, information on airway bills is scanned, stored and distributed electronically in compliance with IATA e-AWB requirements, editor's note*).

In January 2016, the number of e-AWB processed in Luxembourg placed the country in 43rd place, with the risk of being overtaken by Iceland and Columbia in a ranking mainly dominated by European and Asian countries, with Germany (8th), the Netherlands (9th) and France (10th) all appearing in the top 10!

At present, priority is given to 26 checks and four strategic administrations issuing licences to transport food products, of animal origin and perishable goods (PER) to compete with Luxembourg's major trading partners, namely Germany, France and Bel-



gium. The first licences for SWL Phase 1 should be finalised by the end of 2016, start of 2017. Phase 2 licences for managing import, export and transit procedures, will come into force by the end of 2017, start of 2018.

E-COMMERCE: WHAT WILL CHANGE FOR LOGISTICS?

The 2016 Logistics Day took place on 19 April last year with the theme of challenges and opportunities for companies active in logistics in the age of e-commerce. According to the E-commerce Europe association, approximately 250 million e-consumers in Europe spend an average of 1,545 euros online, per person per year. In Luxembourg, e-commerce turnover has just reached 600 million euros, with an average of 1,574 euros spent on products and services in equal proportions per person and per year, a figure which exceeds the European average.

However, only 7% of companies sell products online. According to Pierre Friob, president of the eCOM.lu association, which groups together key e-commerce players within the Grand Duchy, the trend in Europe is to develop e-commerce, but Luxembourg companies are not equipped to deal with this situation. Besides the lack of qualified employees, the country needs to resolve major issues concerning suitable logistics, means of payment and competitiveness. ►

Each year, Cargolux transports 3,000 horses, with each horse worth up to 5 million euros. This very special, live and valuable cargo requires investments in a new generation of horse boxes which are more secure by reducing movement for the horses and keeping their stress levels down during the journey thanks to a more stable double floor. The horses are accompanied by several grooms who can, at any moment, access the boxes to check on the animals and feed them. Cargolux is a member of ATA, the Animal Transportation Association, which checks that traders and transporters have the required certifications.



INTERVIEW
DANIEL LIEBERMANN
Senior policy advisor
of the logistics sector,
Luxembourg's ministry
of economy

“**Luxembourg has a real logistics solution to assert.**”

Could you give a brief overview of the national "Logistics and Transport" action plan since 2013?

"Numerous projects have been carried out. The Eurohub Sud site at Bettembourg-Dudelange has taken shape, with the construction of a Transalliance logistics building as well as the first S.O.L.E.I.L warehouse while the CFL multimodal warehouse is also being completed. Luxembourg Freeport and the Pharma and Healthcare Center in Findel have also been built. Since 2013, 100,000 m² of distribution warehouses have been completed or are under construction for an investment of 135 million euros. There is a real energy in the sector and it is an attraction for Luxembourg. This has recently been confirmed with the announcement from the logistics provider Kuehne + Nagel regarding their expansion in Luxembourg with the construction of a new warehouse of 46,000 m² at the Eurohub Centre in Contern, with 20,000 m² dedicated to the new European distribution centre of the Japanese robotics company FANUC. Other promising investment projects are in discussion. The multimodal policy continues to expand with the construction of intermodal rail/road terminals in Bettembourg-Dudelange and the extension of railway network connections. Various initiatives to assert Luxembourg companies' environmental commitment (Lean and Green label) and expertise in shipping pharmaceutical products (GDP certification) have been

a great success. With regards to training, the establishment of the logistics DT and also the Quallilog training programme by ADEM have been significant developments. In terms of university education, the University of Luxembourg has started the Luxembourg Centre of Logistics, created in collaboration with the renowned Massachusetts Institute of Technology.

What about the action plan's policy for specialising in multiple products?

"Progress has been made with Luxembourg Freeport which is dedicated to high-value goods and the implementation of a solution for pharmaceutical products. Nowadays, e-commerce logistics is central to our strategic thinking and we are closely monitoring European strategy within the digital single market and the development of Chinese e-commerce.

What are the priorities of the Luxembourg government in terms of logistics?

"Luxembourg has a real logistics solution to assert. As a result, it is important to increase our efforts in promotion and economic exploration. In order for the logistics hub to remain competitive, continuous strategic monitoring must be conducted. Another government priority is the creation of a Single Window for Logistics application which will enable operators to carry out paperless administrative procedures linked to their logistics activities."

**INTERVIEW****FRAENZ BENOY**

Freight Activities director, CFL and managing director, CFL multimodal

“ Making the Eurohub Sud site a pillar of intermodal transport in Europe. ”

In your opinion, what role could multimodal transport play in Europe?

"The European Union is fully committed through voluntary policies in promoting multimodal transport. We are actively working to set up intermodal trains from the Bettembourg hub and we are prioritising the reliability and quality of our service. Intermodal transport has numerous economic and environmental advantages. It offers a genuine alternative to road transport on certain routes and for high-volume traffic. The combined trains are increasingly competitive in terms of both price and transit time, even if European and national initiatives to support combined transport are still required to offset the additional costs of rail infrastructure compared to road infrastructure, especially for short- and medium-distance freight movements. Furthermore, intermodal transport helps to reduce CO₂ emissions as well as external costs (accidents, pollution, noise, traffic congestion, etc.) In 2016, our daily Lyon train will be able, for example, to transport by rail approximately 20,000 containers, the equivalent of 2,000km of lorries and semi-trailers, reducing CO₂ emissions by 70%.

What will be the impact of the Bettembourg-Dudelange site for Luxembourg's logistics?

"By creating a strong multimodal centre connected to the main European economic centres

on the Eurohub Sud site, we aim to better serve the existing economic and industrial players and provide a role as a catalyst for logistics companies and transporters who are ready to use another mode of transport other than road.

Where do you see CFL multimodal in 2025?

"The Bettembourg-Dudelange site has an effective infrastructure and a comprehensive range of high-quality services, enabling it to establish itself in a European context, CFL multimodal aims to help to improve Luxembourg's connections with major European ports and economic centres, support the development of regional and national economy and play a leading role in providing innovative multimodal logistics solutions. We aim to make the Bettembourg-Dudelange logistics platform a pan-European distribution hub, a true pillar of intermodal transport in Europe, serving our clients."



01.

01. Construction site of the new intermodal terminal with, on the right-hand side, the shunting yard and a part of the current terminal.

02. The Lean and Green labels are awarded to companies who provide an action plan to reduce their CO₂ emissions by at least 20% in five years.

In a context of increased security monitoring of air transport, the electronic transfer of data has become key in the development of European distribution centres for goods of non-European origin. As a result, in order to accelerate final distribution traffic, logistics operators and customs authorities require detailed information on goods several hours before they arrive in airports.

E-freight is growing and should continue to grow, driven by the continuous growth of e-commerce and the requirement of distribution centres to deliver to end-customers quicker and quicker. It is also in this context that the SWL initiative should be implemented. Data sharing will enable Luxembourg to accelerate administrative procedures and reduce superfluous administrative work. An attractive point whilst arguing in favour of Luxembourg's competitiveness for the development of the country as a European distribution centre and logistics hub!

THE "LEAN AND GREEN" LABEL: FOR SUSTAINABLE LOGISTICS

At the start of 2015, Cluster for Logistics awarded, in collaboration with Luxembourg's Ministry of Sustainable Development and Infrastructures (MDDI), the first sustainable development Lean and Green labels (www.lean-green.eu) to Arthur Welter, CFL multimodal, LuxairCARGO and Post, four companies who provided an action plan to reduce their CO₂ emissions by at least 20% in five years.



02.

Launched in June 2014 by the MDDI in collaboration with Cluster for Logistics and the competitiveness clusters of the Belgian regions, Logistics in Wallonia (LIW) and Vlaamse Instituut voor de Logistiek (VIL), this programme enables companies to qualify with an acceptable level of effort, on the basis of a voluntary charter similar to the “Objectif CO₂” programme in France (www.objectifco2.fr).

In practice, the activity consists of participating in three workshops taught by experts to learn the necessary principles and calculations to create a sound action plan. Two workshop sessions have already been held and were followed by business support to check the models and ensure that the plan was realistic. An external audit checks the awarding of the label on behalf of the MDDI. The next workshop is planned for late 2016.

On 28 June, companies that will have completed the 2015-2016 programme will be awarded the next Lean and Green labels, enabling them to display the label on their vehicles and pursue an official sustainable development programme while reducing their CO₂ emissions and energy consumption.

LOGISTICS, DISREGARDED BY LAW

As we enter ‘logistics 4.0,’ what are the laws concerning logistics? Have magistrates and legislators been involved in Luxembourg’s booming logistics sector? Did they provide the necessary tools to master the key points of logistics services agreements, enabling

a logistics provider and their partners to anticipate legal difficulties and resolve these issues?

According to Anne Paul, lawyer at the Court of Justice of Luxembourg, and Sandrine Ville, legal director of Transalliance, it seems that logistics does not have a proper legal framework. In general, the method used by judges faced with a difficulty in executing the logistics services contract (e.g. damage during storage or in transit) consists of linking the relevant logistics operation to the transport, storage or company contract. Case law considers a logistics services contract as “universally complex,” since it combines several services: handling, reception, storage, order picking, etc. but refuses to unite all these operations under a single, specific contract.

Moreover, it should be added that the rules borrowed from neighbouring fields (transport, deposits, leases, etc.) are not appropriate for the singularities of logistics services: this is particularly illustrated by the regulation of commercial leases. The latter is best known for being extremely rigid while the keyword in logistics is flexibility.

According to Anne Paul and Sandrine Ville, it would be desirable if the legislator put an end to the prevailing legal uncertainty by legislating on the matter in order to provide the logistics services contract with its own specific legal framework. The resulting benefits, in terms of legal certainty and competitiveness, fully justify the work that needs to be undertaken by the legislator. The law, when used correctly, can prove to be a great and powerful economic lever. ●



Single Window for Logistics

The movement of goods is accelerating and security constraints are becoming increasingly high, the European Commission has changed its regulatory framework and encourages the implementation of single electronic interfaces on a regional, national and European level in order to computerise and standardise the administrative procedures and put administrations into networks. In this respect, Luxembourg is developing its Single Window for Logistics (SWL) application, to facilitate international trade and strengthen its competitiveness. The SWL will have three functions: it will enable operators to carry out customs formalities in one step, learn about the requirements for importing and exporting along with other services and use a helpdesk to guide them thanks to a coordinated interface.



Luxembourg is at a crossroads

Find key figures on logistics for Luxembourg and Europe on the pull-out poster at the back of the magazine

For more information

Find all information on www.clusterforlogistics.lu

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