

## Press release

**Luxembourg, October 2023**  
**Cluster for Logistics Luxembourg**

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### **The Luxembourgish logistics sector relies on its good foundations to face the future**

Situated in the heart of Europe, Luxembourg has risen to a European powerhouse in the logistics sector. With its strategic location, robust infrastructure, and proactive policies, the country has created an environment that fosters innovation, trade, and efficient supply chain management. Over the years, Luxembourg's value adding logistics sector has achieved remarkable milestones and is poised for a promising future.

Almost 20 years ago, the national action plan “Logistique et Transport” laid the ground stone for Luxembourg’s multimodal strategy. In 2009, the Cluster for Logistics Luxembourg was created with the support of public actors like the ministry of the Economy and the Chamber of Commerce to promote the logistics sector in Luxembourg and abroad. Luxembourg's central location offers unparalleled access to key European markets, making it an ideal hub for intermodal transportation and European distribution centers.

An assessment of the existing and necessary infrastructure led to numerous strategic investments, resulting in supply chain centers like the Eurohub Sud in Dudelange, harbouring 150.000 sqm of warehouse space and a state-of-the-art multimodal platform. Luxembourg is also home to one of Europe's busiest air cargo hubs, the Cargo Center at the Luxembourg Airport. With over one million tons of freight handled in 2021, this facility has earned a reputation as a European leader in air freight, consistently ranking among the top airports for cargo tonnage. The addition of a Pharma Hub and a high security storage facility for art in 2014 was in line with Luxembourg’s value adding strategy.



Cargolux and the Cargo Center at the Luxembourg airport were instrumental during the COVID-19 pandemic (© Cargolux)

The country boasts an extensive road network, efficient rail connections, and access to major waterways, via rail, road connections or the Port of Mertert. The network enables seamless movement of goods across various modes of transport. Furthermore, the rise of e-commerce is boosting the growth of the logistics sector. Luxembourg has capitalized on this trend by establishing itself as a prime location for e-commerce.

### **Substantial financial support is necessary to decarbonize transport**

Sustainability has become a major challenge for logistics companies and will remain a central focus in the coming years. Luxembourg aims to lead the way in green logistics by implementing eco-friendly solutions like electric and hydrogen-powered vehicles, renewable energy sources for logistics facilities, and the development of carbon-neutral transportation options. This commitment aligns with the growing global emphasis of shippers on environmental responsibility.

Decarbonizing Europe's truck fleet is crucial to reach the climate neutrality target by 2050. However, the transport companies require additional financial support during the energy transition. The current funding scheme to assist the purchase of zero emission heavy-goods vehicles, introduced by the Luxembourgish government in March 2023, allows only between 40% and 60% of the price difference. Furthermore, the financial support may not exceed EUR 300,000 per group. This incentive is not attractive to bridge the investment gap between a zero-emission vehicle and a diesel truck. The Cluster for Logistics and its members therefore highly recommend a bolder approach in the next financing round to compete with support standards of other European countries, like Germany, which compensate up to 80% of the difference in costs.

The high security and safety standards in the country enable a continuous and secure service to the rest of the world. Luxembourg remains a prime location for decision makers as the country ranks third in the FM Global Resilience Index. The attraction of numerous multinational corporations and international organizations in Luxembourg has further stimulated the growth of its logistics industry. These companies require sophisticated logistics solutions for their operations, leading to a demand for skilled professionals in supply chain management, transport planning or customs compliance.



The Eurohub Sud in Dudelange harbours 150.000 sqm of warehouse space in a state-of-the-art multimodal platform (© Malik Zeniti/C4L)

To sustain its growth, Luxembourg understands the importance of a skilled workforce. Today, over 29.000 people are working directly or indirectly in transportation and storage. More effort in education, training, and fostering innovation have been critical to attract and train capable

professionals. Collaborations between academia, industry associations, and companies have resulted in specialized courses and training programs like the Technicians Diploma or the Master in Logistics and Supply Chain Management at the university. The initiatives cater to both entry-level workers and experienced professionals, ensuring a skilled workforce, which can meet the industry's evolving demands.

After strong growth in 2021 and 2022, the sector is facing a challenging period. The future of the logistics sector lies in further embracing digital transformation. Artificial intelligence, big data and predictive analytics will play a crucial role in enhancing efficiency, reducing costs, and improving overall supply chain visibility. These innovations will enable real-time tracking, accurate demand forecasting, and optimized inventory management.

After 20 years of investments in infrastructure, the logistics sector must focus on qualitative growth. To achieve this growth, Luxembourg is increasing its commitment to innovation and sustainability. The Cluster for Logistics Luxembourg and its new Leadership is cooperating with the national actors to stay a resilient center for the supply chain sector.