



eCONeWS

- the latest economic and business news from the heart of the European Union -

Dear Business Executive,

It is my pleasure to provide you with our first newsletter of 2007. It brings you up to date with news about developments in Luxembourg's business climate and its economy. If you are interested in following up on one of the articles, or wish to learn more about the Grand-Duchy of Luxembourg, our business-oriented environment, and central location in the heart of Europe, please feel free to contact me.

I would also like to take this opportunity to inform you that I will be leaving San Francisco and the BED office there this summer. After six rewarding years on the West Coast, I will take a new job at the Ministry of the Economy in Luxembourg. It has been a privilege and a pleasure to know you and to work with you. I am convinced that my successor Mr. Georges Faber, would welcome a similar relationship with all of you. Mr. Faber is currently posted in New York as Consul General and Executive Director of the Luxembourg Board of Economic Development.

With best regards,

Robert Biber,
Executive Director

Luxembourg Board of Economic Development, San Francisco
Trade and Investment Office - San Francisco

Delphi Corporation: New Global Headquarters of Powertrain Division in Luxembourg

Delphi, a world leader in advanced automotive products, formally opened the global headquarters of its Powertrain Division in Bascharage, Luxembourg in late January, bringing together more than 700 employees having 25 different nationalities and varied skills to support Delphi customers.



Mr. Guy Hachey, Mr. Jeannot Krecké,
and Mr. Steve Miller, (from left to right)

In a ceremony led by Executive Chairman Steve Miller and Guy Hachey, Powertrain Division President, the company reconfirmed its commitment to Europe and specifically to Luxembourg, where it has maintained a successful, productive facility for more than 40 years. "We are committed to Europe and to supporting our local customers, and we expect to continue our track record of growth in the region," Miller said. Jeannot Krecké, Luxembourg minister of the Economy, said the relocation of the division "casts a vote of confidence for Luxembourg as a performing business location for research-driven cutting-edge technological solutions for one of the most demanding markets, the automotive sector."

The site is a full service system development facility with testing and development capability for thermal systems such as heating, air conditioning and engine cooling, and powertrain systems, including gas and diesel engine management systems, fuel handling, and evaporative systems for vehicle applications.

eBay Sets New Entity in Luxembourg



eBay, the leading online auctioneer, has set up a new entity, eBay Europe, s.à.r.l., in Luxembourg. Effective on March 1, this entity became the new contractual partner for the company's EU-based members. In selecting Luxembourg, eBay cited the nation's location and multi-lingual population.

A spokesman for eBay said, "This change will help us create a level playing field with all EU-based sellers becoming subject to the same rate of tax on their eBay selling fees - the Luxembourg VAT rate of 15 per cent. Luxembourg offered a number of specific advantages, including advantageous geographical position and availability of multi-lingual resources."

PayPal Moving its European Headquarters to Luxembourg City



Online payment company PayPal, the leading online payment company, will move its European headquarters to Luxembourg. The company has secured a banking license for the European Union, effective July 2, which will allow PayPal to continue its European expansion by providing services to more online merchants.

PayPal is now available on over 100,000 websites in Europe, and processed \$8.4 billion of payment volume in Europe in 2006. A Forrester Research report found that 23 percent of Europe's online shoppers prefer using PayPal, which has language websites in 15 European nations.

"Our goal is to give European consumers more places to shop securely and conveniently across the web by making PayPal available on virtually every retail website in Europe," said Brent Bellm, vice president of PayPal Europe. "Establishing a new European headquarters in Luxembourg, and receiving this bank license, is a significant step in the next phase of PayPal's European growth."

Paypal will be joining other eBay group companies **Skype** and **eBay** (see above), which already have an important presence in Luxembourg. Obviously it makes sense for PayPal Europe to co-locate with them.

Luxembourg Ranked Fourth in new World Competitiveness Survey by IMD; Grand Duchy Follows U.S., Singapore, Hong Kong in Prestigious 2007 Report

Luxembourg has been ranked as the fourth most competitive economy in the world in the 2007 World Competitiveness Survey published in mid-May by the International Institute for Management Development (IMD). The survey ranks 55 economies of industrialized and emerging nations, relying on statistical data and facts collected from business executives as well as regional and international organizations.

Luxembourg has consistently been among the leaders in this survey and this year moves into fourth place from ninth in 2006. Major categories analyzed for the IMD survey include overall economic performance, government efficiency, business efficiency, and national infrastructure. Luxembourg has improved its standing in all of these categories during the past year.

The United States ranked first in the 2007 survey, followed by Singapore and Hong Kong. Denmark followed Luxembourg in fifth place, with Switzerland sixth. In Luxembourg, the study was monitored by the Luxembourg Chamber of Commerce. The survey is available on the IMD webpage at: <http://www.imd.ch/research/publications/wcy/announcing.cfm>.

New Luxembourg-Perpignan Rail Link Set to Reduce Road Traffic, Carbon Emissions

On March 29, Transportation Ministers Dominique Perben of France and Lucien Lux of Luxembourg gave the first departure of the new Rail Motorway. This new high-speed, state-of-the-art rail freight "Motorway" that links Luxembourg with Perpignan on the border between France and Spain has finished testing and regular service is scheduled to start later in July.

The 1,050 kilometer "Motorway" across France, which is run by the firm Lorry-Rail, provides space for a total of 40 semi-trailers weighing up to 44 tons, and will reduce costs and emissions as well as road traffic. The service uses 45 "Roll-On/Roll-Off" trains, which Lorry-Rail has purchased at a cost of 26 million Euros. Tests were completed March 29. For more information please go to <http://www.lorry-rail.com>.

