

Luxembourg – China relations at a glance

41 years of diplomatic relations: Since the establishment of diplomatic relations in 1972, Luxembourg and China have developed very close ties in a variety of areas including trade, finance, higher education, research & development, tourism and culture.

Luxembourg, China's gateway to Europe:

- Located in the heart of Western Europe, in-between Germany, France and Belgium, Luxembourg is a **very stable** constitutional monarchy with a democratically elected Parliament.
- Luxembourg is a **founding member** of the European Union and also hosts some of the European institutions, such as the European Investment Bank, the European Stability Mechanism, the European Court of Auditors, the European Court of Justice as well as some specific services of the European Commission and the European Parliament.
- Luxembourg enjoys **sound public finances**: Luxembourg's debt to GDP ratio is at 22,4% in 2013¹. Alongside with Germany and Finland, Luxembourg is one of the 3 remaining Eurozone countries with an AAA rating from S&P (as confirmed on 13th December 2013).
- Ranked as the 3rd most **open economy** worldwide (behind Hong Kong and Singapore)², Luxembourg is a gateway to the European market. Foreign trade is Luxembourg's main vector for economic growth. More than 80% of the goods and services produced in Luxembourg are exported, almost entirely (up to 85%) to the European market and its 500 million customers.
- Luxembourg's economy is very **innovative**: According to Eurostat³, Luxembourg has the second highest proportion of innovative companies in the EU, just after Germany. 68% of all companies in Luxembourg reported innovation activities.
- The **Luxembourg financial centre** (147 banks from 26 countries, 4000 investment funds sold in 70 countries, 2.5 trillion EUR of assets under management) offers highly specialized services in the areas of private wealth management, asset management & investment funds, corporate finance, insurance & reinsurance and structured finance. It has a dominant position in European bond issues, with nearly 60% of all cross-border securities in Europe listed in Luxembourg.

¹ Source : Eurostat : data for Q1 2013

² Source: ICC's Open Market Index 2013

³ Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Innovation_statistics

- Luxembourg offers a **first class ICT infrastructure** (including broadband internet services & highly secured data centres) making it the home of an increasing number of international ICT companies (such as Amazon, Ebay, PayPal, Skype, Rakuten, Nexon and Moyasoft) which have established their European headquarters in Luxembourg. Moreover, Luxembourg is home to SES, the World's largest satellite operator, as well as RTL, Europe's largest privately owned radio and TV broadcaster.
- Luxembourg's Findel airport is the home base of Cargolux (Luxembourg's all cargo airline) and is ranked the 7th busiest airport by cargo traffic (metric tons) in Europe.⁴

Luxembourg – China relations:

- Economic relations between China and Luxembourg date back to 1911, when Eugène Ruppert, a Luxembourgish engineer (who had come to China in 1894), installed the first blast furnace at the Hanyang Iron Plant in Wuhan, which marked the beginning of China's modern industry.
- China is Luxembourg's **first trading partner in Asia** and 2nd largest outside the EU (after the USA). Over the last 10 years, Sino-Luxembourg trade almost tripled from 102 million EUR in 2002 to 295,6 million EUR in 2012. (If one adds Hong Kong to these figures, bilateral trade between Luxembourg and China (+HK) reached 518,1 million EUR in 2012).
- Luxembourg ranks **first with regard to RMB deposits outside of Asia**: According to the Chinese Ministry of Commerce⁵, Luxembourg's share of Chinese outward direct investment stocks to the Euro area is approximately 48%.
- Luxembourg is the **most important RMB center in Europe** and has seen significant growth in RMB activities over the last twelve months: RMB deposits tripled to RMB 56bn, loans made in RMB doubled to RMB 67bn and trade finance volumes reached RMB 87bn.
- An increasing number of major Chinese businesses, including the Bank of China, ICBC, China Construction Bank and SAIC have chosen to set up their **European headquarters in Luxembourg**.
- Luxembourg has also become increasingly popular with Chinese **tourists**: more than 160'000 Chinese tourists have visited Luxembourg in 2012.
- The University of Luxembourg has developed a number of important **research partnerships** with the universities of Renmin and Beijing (law), with the universities of Tongji and Shandong (economics) and with the University of Tongji (finance). Student exchange programs also exist with the same universities.
- The "Centre de Langue et de Culture Chinoises du Luxembourg (CLCCL)", the only Chinese language school in Luxembourg is recognised by the "Office of Chinese Language Council International" (organisation associated with the Chinese Ministry of Education) and organizes student and teacher **exchange programs** together with the Shanghai Normal University (SHNU).

⁴ Source: Airports Council International (ACI), 2012

⁵ Source: Statistical Bulletin of Chinese ODI 2012, Ministry of Commerce