

# European Cohesion Policy in Luxembourg

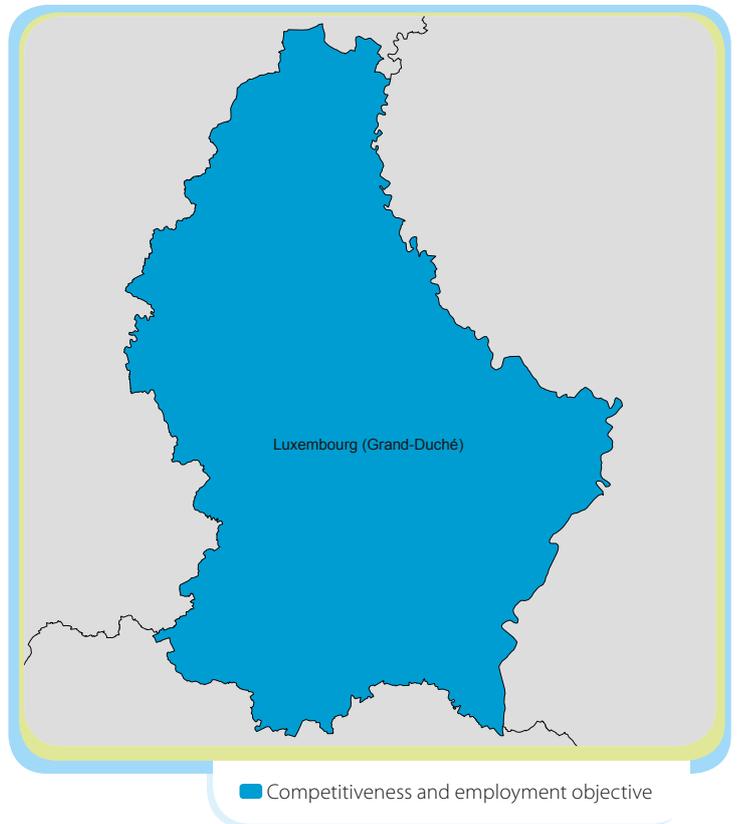
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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

## Cohesion Policy 2007–13



## IMPACT AND RESULTS OF COHESION POLICY IN LUXEMBOURG

European funds have contributed to the development of the research & development (R&D) sector. For example, the budget and number of employees of the 'CRP Henri Tudor' – the main research centre to have benefited from European aid – doubled in the period 2000–06. European investment has also promoted industry clusters of connected businesses, research and public organisations, in particular the SURFMAT cluster for new materials and the INFOCOM cluster in the field of information and communications technology (ICT).

European funding supported the government's objective of transforming the south of Luxembourg into a second economic centre for the country by redeveloping vacant industrial sites close to the French border and by creating research centres. For example, with the development of new economic activities, the sites of Esch-sur-Alzette and Belval attracted 41% of new foreign companies that set up in Luxembourg in 2006 and 2007.

### A SNAPSHOT OF ACHIEVEMENTS

- Helped to develop the R&D sector
- Transformation of the south of Luxembourg into a second economic centre by redeveloping vacant industrial sites
- Improvement of living conditions in the urban centres



European Union  
Cohesion Policy

The funds also contributed to improving the quality of life in the main urban centres (modernisation of water treatment systems, growth of train use by cross-border workers, increase in the use of renewable energies) and contributed to the development of the tourist industry in the north and east of the country. It should be noted that, in 2000–06, only some areas in the south and north of the country were eligible for the Structural Funds. In 2007–13, the whole country will benefit from European support.

## EUROPEAN INVESTMENT IN LUXEMBOURG – 2007–13

Within the framework of the Cohesion Policy, Luxembourg receives aid totalling **€65 million** enabling it to implement two programmes under the Regional Competitiveness and Employment Objective<sup>1</sup>: one national programme funded by the European Regional Development Fund (ERDF) and one national European Social Fund programme, each totalling €25.2 million, as well as €14.8 million of funding under the European Territorial Cooperation programmes.

### FUNDS FOR LUXEMBOURG IN MILLION € 2007–13

Objective	Fund	EU	National Public	National Private	Total
Regional Competitiveness and Employment	ERDF	25	43	17	85
	ESF	25	25		50
<b>Total Regional Competitiveness and Employment</b>		<b>50</b>			
Total European Territorial Cooperation*	ERDF	15	-	-	15
<b>TOTAL</b>		<b>65</b>	<b>68</b>	<b>17</b>	<b>150</b>

Figures have been rounded up

\* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

## DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

For the period 2007–13, Luxembourg has aligned its priorities with those identified at European level. 87% of the funding it receives under Cohesion Policy is dedicated to the Lisbon priorities, in particular research & development (R&D) and innovation, energy efficiency, measures to promote small and medium-sized enterprises (SME), entrepreneurship and education, investment in human resources, professional training and employment.

## MAIN PRIORITIES OF COHESION POLICY IN LUXEMBOURG, 2007–13

In view of its limited financial resources, Cohesion Policy in Luxembourg focuses on a small number of themes and priorities as well as on structural operations in terms of regional development and employment.

Luxembourg has low levels of public investment in **R&D**, while private R&D is concentrated in a few large companies. While significant progress was made through the Cohesion Policy investment in 2000–06, the creation of the University of Luxembourg and a 'National Research Fund' should improve the situation. Luxembourg's investment in research R&D should reach 3% of gross domestic product (GDP) by 2010. As a result, almost 38% of Luxembourg's Cohesion Policy funding (about €19 million) will be used to promote R&D and innovation.

The Cohesion Policy will also help Luxembourg to meet the objectives it established within the framework of the Kyoto Protocol, i.e. reducing greenhouse gas emissions by 28% by 2012 compared to 1990. The measures to **combat climate change** will be funded by a €2.2 million contribution.

To increase access to the labour market and promote greater social inclusion, measures will also be implemented to increase the rate of employment, to integrate young people into the labour market or reintegrate them into education, and to actively support marginalised groups.

### THE ESSENTIALS 2007–13

- About €19 million to promote R&D and innovation
- €2.2 million to combat climate change

<sup>1</sup> The Regional Competitiveness and Employment Objective is applicable to 172 regions in the EU, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as to boost their employment levels. It should be noted that the rural development and fisheries policies are separate and do not form part of this brochure.

## ● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The European Territorial Cooperation Objective is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes

to encourage regions and cities across the EU and further afield to work together and learn from each other.

Luxembourg has €15 million of ERDF funding in the framework of the European Territorial Cooperation Objective 2007–13 and is involved in six territorial cooperation programmes. The allocation has been divided into three parts:

- one cross-border cooperation programme: 'Grande Région' (Germany-France-Belgium-Luxembourg);
- one transnational cooperation programme: 'North-west Europe' (BE, FR, NL, UK, DE, LU, IE, CH);
- all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)<sup>2</sup>: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.

<sup>2</sup> INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.



*Luxembourg co-operates with Belgian, French and German regions in the Grande région cross-border cooperation programme*

# Luxembourg

**€65 million**  
for 2007–13

**Boosting growth, jobs  
and competitiveness**

# Regional Policy on the ground

## ECOSTART ENTERPRISE AND INNOVATION CENTRE

The Ecostart project, the first of its kind in Luxembourg, aims to attract and then support new innovative technology companies on one site.

In order to meet the growing demand from company founders, the Ministry of the Economy launched its first project in the field of facilities called 'Ecostart' in Foetz in 2002. To implement the project, the ministry acquired the Thomas & Betts building, which became vacant when this company ceased its activities. The ERDF contribution (€919 000) of a total cost of €3.6 million enabled it to be renovated and transformed. Today, the building offers 600 m<sup>2</sup> of office space and 3 300 m<sup>2</sup> of workshop and production space.

Ecostart is exclusively aimed at innovative industrial activities and services. It therefore targets persons with projects for the **creation of innovative enterprises** (young graduates, researchers, executives), innovative companies establishing themselves or in the start-up phase looking for their first industrial or administrative premises, as well as small technology companies looking to establish a first foothold in Luxembourg.

The 'Ecostart' centre contributed to the creation of five companies which are both innovative and have great potential for development. Around 50 new jobs were created. Today, the centre is at full capacity. Building on this success, the government launched a project called 'Ecostart2' to extend the Foetz centre in 2007 and plans to create a third centre of this kind in Belval.

For further information please visit: <http://www.ecostart.lu/>

## OTHER EXAMPLES OF PROJECTS

National Centre of Industrial Culture on the site of the blast furnaces at Belval: the blast furnaces are a reminder of Luxembourg's steel industry. This original concept unites the industrial past and urban activities in a cultural and social area (ERDF contribution: €800 000).

New school building in Scheuerhof: an eco-friendly approach was a priority from the outset in the planning of the construction of this new building called 'Maison Relais Scheuerhof': the installation of solar panels, collection of rain water, low energy consumption and low CO<sub>2</sub> emissions (EU contribution: €321 000).

Measures to protect against flooding in Echternach: the aim of this project was to protect the town against flooding caused by the rise in the water levels of the Sûre River and its tributaries, preventing significant damage to both privately-owned homes and businesses as well as public infrastructure (contribution: €905 000).



*Ecostart: offering young innovative businesses a good start*



## More information

EU Regional Policy

[http://ec.europa.eu/regional\\_policy/](http://ec.europa.eu/regional_policy/)

Cohesion Policy in Luxembourg

[http://ec.europa.eu/regional\\_policy/atlas2007/luxembourg/index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/luxembourg/index_en.htm)

National website

<http://www.feder.lu> – <http://www.europaforum.lu>

European Social Fund

<http://ec.europa.eu/social/>