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PM Juncker to remain chairman of the Eurogroup

Re-elected as president for another 2.5 years of the 16-member block of EU states that use the euro currency, Luxembourg's PM Jean-Claude Juncker spelled out his vision for the group at a meeting of finance ministers on January 18.

Previously an informal configuration, the Lisbon Treaty gives legal status to the group of euro area finance ministers, setting it the goal of "ever closer co-ordination of economic policies within the euro area".

"The scope for activities of the group is much broader," Mr. Juncker told journalists, indicating that finance ministers had approved his "outline program of our future work". He added that members should focus on coordinating spending, work to bring their economies closer together and push for a stronger voice internationally.

As part of an enhanced co-ordination of member states' economic policy, efforts will be made to reduce the huge imbalances in economic productivity within the group, while perspective members will be subject to more rigorous testing to make sure their economies are up to scratch. Mr. Juncker also said the European Commission was set to formally propose that the Eurogroup become a member of the Group of 20 major economies and that a small secretariat of "four to five" civil servants would be set up in the Council of Ministers building in Brussels to prepare the currency club's monthly meetings.

Luxembourg economy set to return to growth

According to a preliminary estimate by STATEC, Luxembourg's GDP decreased by 2.6% in the 3rd quarter of 2009 year-on-year, whereas it grew by 4.2% as compared to the previous quarter. For the whole year, Luxembourg is expected to get by with a negative growth of -3.9%. The recovery, which took hold in the second half of 2009, should generate a positive growth of about 2% for 2010.

The inflation rate continued to decline in monthly comparison during the last months of 2009, however, on an annual basis it rose from 1.34% in November to 1.80% in December. The average inflation rate for the year 2009 stood at 0.4%.

In November, the seasonally adjusted unemployment rate remained at 5.9% for the third consecutive month, a result that was greatly due to bringing people into job schemes instead of laying them off. Compared to November 2008, the number of unemployed has grown by one third. According to Eurostat, the unemployment rate is expected to reach 6.0% in 2009 and to rise to 7.0% in 2011 due to an expected fall of domestic employment by 0.6% in 2010.

Parliament adopts the 2010 budget

After a week of debating, the lower chamber adopted the so-called "anti- crisis" budget on December 9, 2009. The state budget for the year 2010, presented by Finance Minister Luc Frieden, tables on a deficit of EUR 1.3 billion (3% of GDP). Compared to the 2009 budget, revenue is estimated to decrease by 8.7%, while spending will rise by 5.7%. In order for the budget to be balanced by the end of the legislative period in 2014, the Government would need to increase revenue by 4% a year. Parliament has yet to decide where these additional 4% should come from or whether additional savings will have to occur. Apart from the budget, MPs also gave their approval to a loan of EUR 1.8 billion, which will raise public debt to some EUR 7 billion by the end of the year ($\pm 20\%$ of GDP).

Luxembourg Central Bank joins Islamic Financial Services Board (IFSB)

Luxembourg is the first Member State of the EU to become a member of *The Council of the Islamic Financial Services Board*. The IFSB has approved the admission of eight new organisations, among them the Central Bank of Luxembourg. The admission of the new organisations was approved at the 15th Meeting of the Council of the IFSB held on November 23, 2009 in Kuala Lumpur.

The members of the IFSB comprise regulators and supervisors of the banking, capital markets and Islamic insurance (Takaful) sectors, as well as international inter-governmental organisations and market players (financial institutions, professional firms and industry associations). The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include the banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry related issues, as well as organising round tables, seminars and conferences for regulators and industry stakeholders.

Luxembourg contributes to fighting sea piracy

Luxembourg has joined its European partners in the fight against piracy in the Horn of Africa. It is the first time the country takes part in a military maritime operation. Two aircrafts type Merlin III were deployed to the Seychelles in late September 2009. The Luxembourg company CAE Aviation provides the airplanes and the personnel as part of a public-private partnership. The aircrafts equipped for maritime surveillance missions are each manned with a pilot, a co-pilot and an observer.

Luxembourg's participation has been successful only a few days after its set-up by preventing some attacks and facilitating the capture of some pirates. A Luxembourg officer is expected to join the headquarters of the EU Navfor operation later this month.

This participation demonstrates Luxembourg's willingness to participate in the protection of the 205 vessels in its maritime register. Only one third of flag States are currently involved in the protection of ships.

Thousands of people apply for Luxembourg citizenship

Since the adoption of the new law on dual nationality, four times as many applicants have registered for Luxembourg citizenship than the year before. The new legislation is based on the principle of multinationality and tolerates having another citizenship on top of the Luxembourg nationality. Portuguese citizens are responsible for a third of applications, while the three neighbouring countries of Germany, France and Belgium account for some 22%. The third largest group, formed by citizens of the former Yugoslavia, accounted for 19.9%. Out of a total of 4300 candidacies which had been handed in during the first 10 months of 2009, 3152 were accepted.

In order to obtain Luxembourg citizenship, having a working knowledge of Luxembourgish and having stayed in the country for a period of 7 years are key conditions.

Life expectancy up in Luxembourg

According to a STATEC study published on November 17, 2009, it appears that Luxembourgers live longer than they used to. Since the end of the 20th century, life expectancy at birth has gone up for both men and women by 4.1 and 3.1 years respectively. Currently women live to an average of 82.7 years and men to 77.6 years. The increase in life expectancy is due to various factors such as the strong decrease of the infant mortality rate between 1980 and 2007 from 19.4‰ to 2.9‰ for men and from 9.1‰ to 0.7‰ for women. The numbers also show that the gap is narrowing; in just over thirty years, men gained 10.3 years against 8.2 years for women. The difference in mortality between men and women is due to biological reasons (mostly favouring women) but also due to social reasons. In recent decades women's behaviour has become closer to that of men (consumption of alcohol, cigarettes, risk behaviour, etc.)

2010 marks the 700th anniversary of the accession of the Dynasty of Luxembourg to the Throne of Bohemia

On the occasion of the 700th anniversary of the wedding between John of Luxembourg and Elisabeth Premyslovna, an impressive number of cultural and social activities have been planned in the Czech Republic, such as exhibitions, concerts, scientific seminars, book publications, a commemorative stamp, coins etc. The festivities will be organized in Prague, Pilsen, Hradec Kralove, Litomyšl, Ostrava etc. Most events will take place in the second half of 2010 and the first three months of 2011. An update on events in the Czech Republic and Luxembourg will be published on the Embassy's website <http://prague.mae.lu>.