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**Tripartite negotiations on their way**

In order to reduce its budget deficit to zero by the year 2014 and to increase the economy's competitiveness, the Luxembourg Government has initiated a series of tripartite meetings, with the aim of saving €400 million annually. The first two meetings took place on March 18 and 24 between the Government, trade unions and employers, with three more planned on April 10, 20 and 27, 2010. Public finances, the labour market and the competitiveness of enterprises are the top subjects on the agenda. Although the three parties agree that cuts must be made, opinions about where to save diverge. With the relationship between employers and unions remaining tense, it has been decided to set up a working group chaired by Minister for Labour Nicolas Schmit. The group will consider new measures to boost employment until the next meeting.

The Tripartite Coordination Committee, composed of representatives of the Government, the employers and the trade unions was created in 1975 by a law in order to solve the economic problems generated by a major crisis in the steel sector, from which the country was then very dependant.

**Luxembourg's economy shows signs of recovery**

According to a preliminary estimate by STATEC, Luxembourg's GDP decreased by -3.9% in 2009, but is expected to pick up in 2010 with 2.1%. Inflation is anticipated to remain at a low level over the coming months with 2.1% in January and 1.5% in February 2010. The official, seasonally adjusted unemployment rate stood at 5.9% in February, almost unchanged since July 2009, confirming that unemployment has leveled off in recent months.

According to a recent Eurostat publication on GDP per inhabitant, Luxembourg was the second richest region in Europe in 2007. Expressed in terms of purchasing power standards, the EU's 271 regions ranged from 26% of the EU27 average GDP in the region of Severozapaden in Bulgaria, to 334% of the average in Inner London in the UK, followed by Luxembourg (275%), Brussels (221%), Hamburg (192%), Prague (172%) and Île de France (169%).

**Recent developments in Luxembourg's Financial Centre**

- According to the Luxembourg financial supervisory authority (CSSF), the balance sheet total of banks established in Luxembourg amounted to €780 billion on January 31, 2010 compared to €792 billion on December 31, 2009, which represents a decrease of 1.50% over one month. The overall number of banks on February 28, 2010 remains unchanged at 150.
- In the bid for KBL European Private Bankers (KBL EPB), the private banking wing of the KBC financial group, five potential buyers have been selected: the Brazilian bank Safra, the Indian family investment company Hinduja, the Italian family group Agnelli, the US investment fund KKR and the Swiss private bank Julius Baer. All of them have offered over €1.5 billion for the institution, which manages €47 billion of assets. With final offers due on April 9, 2010, talks between the 5 competitors and KBL are currently underway.
- As far as the fund industry is concerned, total net assets of undertakings for collective investment (UCIs) and specialized investment funds (SIFs) reached €1.860,7 billion at the end of January 2010 compared to €1.840,9 billion as of December 30, 2009, thus representing a rise of 1.07%. Over the last twelve months, the volume of net assets increased by 18.40%. The number of UCIs and SIFs taken into consideration totals 3,480 compared to 3,463 for the previous month.
- A new financial organisation, the Luxembourg Private Equity and Venture Capital Association (LPEA) had its first meeting on February 1, 2010. LPEA is a non-profit association that aims to represent and promote the interests of professionals working in the field of private equity and venture capital based in Luxembourg. The association furthermore supports governmental and private initiatives aimed at enhancing the attractiveness, competitiveness and effectiveness of the economic, legal, regulatory and operational framework of Luxembourg as an international hub. It also represents the interests of LPEA members, the private equity industry and Luxembourg as a centre of business in the field of private equity and venture capital within EVDA (European Private Equity and Venture Capital Association) and other key international bodies in this field.

## **Luxembourg State and University of Luxembourg sign 2nd four-year plan**

Representatives of the State and the University of Luxembourg signed a multi-year contract settlement for the period 2010 to 2013 on January 15, 2010. Officials outlined their development ambitions for the next four years: by the year 2013, student numbers should have grown from 4365 to 5400 and new programmes been launched, notably in the field of medicine and health services, educational research, security, law, finance, auditing, architecture and social sciences, to name but a few. A strong emphasis is placed on the mobility of students, who are obliged to spend a minimum of one semester abroad. In order to achieve these goals, a budget of € 142 million (+ 65%) is foreseen for 2013. Contributions from Government will gradually increase from € 72.2 million today to 119 million in 2013. The University has set itself a target to increase its external financing by 76% - from the current 13.04 million to 23 million in 2013 in order to strengthen the autonomy of the university. While many University Chairs are already funded by companies, three additional ones are to emerge by 2013.

The University is convinced that private interest to engage in such synergies will continue to grow. One of these was recently signed between the University and the global satellite operator SES S.A. to jointly develop Luxembourg as a European centre of excellence and innovation for advanced information communications technology (ICT) in satellite systems. The amount of SES' contribution over the next 6 years will exceed € 2 million and will be directed to the Interdisciplinary Centre for Security, Reliability and Trust (SnT) as well as towards the creation of a SES Chair in space, telecom and media law in the University's Faculty of Law, Economics and Finance.

## **Luxembourg is World's Second "Most Connected" Nation**

According to a new International Telecommunication Union (ITU) survey of 159 nations, Luxembourg ranks second worldwide in mobile, fixed and Internet connectivity, and has Europe's lowest ICT costs.

Entitled "Measuring the Information Society," the ITU report includes comprehensive global rankings of each nation's adoption of mobile telephony and Internet services based on the organization's ICT Development Index.

Luxembourg's lead in information and communications technology in the ITU survey reflects the nation's commitment to a leading-edge communications infrastructure. Luxembourg is among the best-connected nation, linked to all major European hubs through a network of state of the art fibre optics, which guarantee reliable connectivity at very high speeds. Connections are available through several providers, so customers can choose between providers and alternative links.

## **Luxembourg language is spoken by 390,000**

According to UNESCO's recently published Atlas on Endangered Languages, not less than 390,000 people in the world speak Luxembourgish. The number has been considerably revised upwards, as only a year ago, the same publication estimated the number of Luxembourgish speakers at only 300,000.

UNESCO lists the status of Luxembourg language as "vulnerable" meaning that for the moment, the language is not in danger of becoming extinct, but if no efforts are made to continue its promotion, Luxembourgish may begin to decline. Luxembourg Sociologist Fernand Fehle however does not see a reason to worry, as thanks to modern means of communication such as SMS and internet, the use of Luxembourgish is experiencing a complete rejuvenation.

## **Several cultural events in the spring 2010 and a specialized web page are dedicated to the commemoration of the 700<sup>th</sup> anniversary of the accession of John of Luxembourg to the throne of Bohemia**

The Embassy of Luxembourg launched a new web page dedicated to the commemoration of the 700th anniversary of the accession of John of Luxembourg to the throne of Bohemia to give a detailed overview of the celebrations taking place in the Czech Republic throughout 2010 and 2011. Please visit us on <http://www.janlucembursky2010.cz/>

The 8th edition of the „Audience at Emperor Charles I“ will take place in Brandýs nad Labem on April 23 – 24. This year, the event focuses on the Luxembourg anniversary and encompasses lectures, a concert, a holy mass and a knights' tournament.

On May 12, the winners of a school art contest organized by the *Förderverein Goldene Straße* commemorating the historic event will be honoured in Plzen. More information on the contest can be found on [www.goldene-strasse.de](http://www.goldene-strasse.de).

The Luxembourg Sinfonietta, a Modern Classics Orchestra from Luxembourg, will perform Gustav Mahler's „Songs of a Wayfarer“ at the Mahler Festival in Jihlava on May 27. More information of the festival is available on [www.mahler2000.cz](http://www.mahler2000.cz).

Luxembourg is also represented in this spring's film festivals in Prague: the Luxembourg co-production, „Ne te retourne pas“ (Don't Look Back) by Marina de Van (2009) will be screened in the framework of the FEBIOFEST, and during The Days of European Film, the Luxembourg production „Réfractaire“ (Draft Dodgers) by Nicolas Steil (2009) will be shown on April 18 in the Cinema Lucerna.