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# LUXEMBOURG TIMES

by Luxemburger Wort

## September 2018



**Jim Robinson**  
Editor in chief

Dear reader,

Well, here we are. I extend to you a very heartfelt welcome to the inaugural *Luxembourg Times* magazine.

In this issue – the first of many, we hope – we take a closer look at several issues likely to have a big impact on Luxembourg in the near future.

Top of the list is this October's elections. Voters and non-voters alike will find our overview of the political parties' positions interesting reading, as there are some real surprises in there (one party, for example, calls for the return of banking secrecy... I'll let you discover for yourself which one it is). We also have a look at the eerie silence that tends to emanate from the financial sector during election time.

In two separate articles, we explore how the ongoing saga that is Brexit might affect Luxembourg's insurance sector, as well as the contracts of UK nationals who work at the various EU institutions. In another section, we run the rule over every school in Luxembourg offering an English-language curriculum, including an in-depth interview with the head of the new school in Junglinster.

We identify a major problem with the European elections and overview all of the new EU regulations that could have an impact on Luxembourg. We also speak with the financial watchdog about the very real dilemma the country faces on cryptocurrencies, we sit down with the new chief executive of satellite powerhouse SES, and we profile sandwich-hating finance minister Pierre Gramegna.

These are just some of the articles you will find in Issue One. We do hope you enjoy reading them as much as we have enjoyed writing them.



### Cryptocurrencies

The CSSF's Karen O'Sullivan says the regulator is working on an FAQ to provide more clarity on virtual currencies and ICOs



photo: Pierre Matgé

### Up and away

A new chapter is opening at SES under the leadership of Steve Collar **Pages 28-30**

### Finance and the elections

Ahead of the October poll, Luxembourg's finance industry is taking a back seat **Pages 32-34**

### Foreigners' role

National Council of Foreigners president questions how involved non-nationals really are in community life and local politics **Pages 36-37**

### Brexit contract limbo

British nationals working at EU institutions remain uncertain about their futures **Pages 50-51**

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Luxembourg's companies are reorganising their training regimes to meet client demands **Pages 63-64**

### Castles abound

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### Imprint

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### Inside the Luxembourg election

An in-depth look at the political party platforms (those released so far) in light of the coming elections **Pages 8-21**

### Who is Pierre Gramegna?

The *Luxembourg Times* takes a closer look at the Grand Duchy's polarising finance minister **Pages 22-24**





# New residential districts for Luxembourg City

Almost 10,000 housing units to be built under recently announced projects

A new residential district with more than 500 housing units is set to be built on the former Villeroy & Boch site in Rollingergrund in Luxembourg City. The development will consist of around 550 residential units, as well as office and commercial space.

The project – led by the Luxembourg City administration and ceramics manufacturer Villeroy & Boch – will cover a total of 8.5 hectares. In 2016, Luxembourg City bought 3.12 hectares of the site for €14.3 million, and the administration also owns 2.34 hectares of the surrounding Baumuehleschberg Forest. The first stage of the works – after plans will have been given final approval under the city’s specific urban plan – will be to demolish the former factory building. The

outlet centre will be integrated into the project, but the Château de Septfontaines building will remain untouched.

The development is the latest in a string of new residential districts announced in recent months. Up to 1,000 housing units are expected to be constructed as part of a new district on route d’Arlon, where the Josy Barthel stadium, recycling centre and fire station now stand. A call for tender for an architect is due to be launched in October. Luxembourg City mayor Lydie Polfer described the development as “one of the city’s biggest planning projects over the coming years”.

The administration owns 8.36 hectares of the 10-hectare plot, and the remaining space is privately owned.

In Kirchberg, around 8,000 residential units will be built

over the next 20 – 30 years – bringing the total number of housing up from just over 1,500 to around 10,000. According to the Ministry of Sustainable Development and Infrastructure, the number of people living in the area will grow from 3,600 to around 22,000 during that period.

Plans include a new neighbourhood with 4,803 housing units, as well as a school and urban farm at the Op der Schleed area between boulevard Pierre Frieden and Konrad Adenauer.

Other units will be constructed at the Kiem district behind the Auchan commercial centre, the Réimerwee area in the centre of Kirchberg, near the Philharmonie and where the national library is located on boulevard Konrad Adenauer.

By Heledd Pritchard

## Invesco moves funds

Global investment manager Invesco plans to move \$7 billion (€6.2 billion) of the company’s UCITS funds from Ireland to Luxembourg. A spokeswoman for Invesco told the *Luxembourg Times* the aim was to bring many of the company’s UCITS funds sold on a cross-border basis together under a single umbrella structure. Assets under management in the Luxembourg-domiciled umbrella – which consists of 75 sub-funds – stands at \$58 billion, while the seven Ireland-domiciled umbrellas – with a total of 21 sub-funds – reaches \$7 billion. According to the spokeswoman, the shift from Ireland to Luxembourg will “reduce complexity” in view of the number of sub-funds, umbrellas and assets under management.

## Investec brings alternatives

Investec Asset Management has launched an alternative investment fund range in Luxembourg. The South African asset manager, which has \$146 billion (€126 billion) in assets under management, said the new set-up would give European institutional investors access to a range of alternative fund strategies. Investec already has a retail UCITS range domiciled in Luxembourg – the company’s flagship Global Strategy Fund – and an office on boulevard d’Avranches in the city centre. The move comes at a time when several managers are strengthening their operations in Luxembourg ahead of Britain’s departure from the European Union.



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REACH NEW HEIGHTS TO ACCOMPLISH THE UNTHINKABLE





# Candidate scandal ahead of October national elections

New party said to have published names on electoral list ‘without consent’

Several candidates put forward on the electoral list for a newly-formed political party claim they did not consent to stand for election. Demokratie is running in the Central and Southern electoral districts for the first time this year. Shortly after the official lists were announced, however, several of the party’s 44 candidates across both constituencies claimed their names had appeared without their agreement. The party immediately requested its electoral list be withdrawn.

Luxembourg’s electoral law stipulates that a party cannot retract its list within 60 days of an election. With the country heading to the polls on 14 October, all parties had to meet a 16 August deadline. The same cut-off date applies for parties wishing to add a list.



photo: Guy Jallay

Prime minister Xavier Bettel confirmed the electoral law “does not allow for any other possibility to withdraw retrospectively from a list”. The original initiative – dubbed Demokratie 2018 – split into two movements following internal disputes between its two leaders, Sonja Holper and Lee-Michel Baseggio. Holper went on to establish Demokratie, and

Baseggio set up Fräi Wieler (Free Voter), which did not establish an electoral list in time. Since the beginning of the scandal, the Fräi Wieler movement has blamed Holper and called for the October election to be cancelled. This is the first time a party in Luxembourg has requested to withdraw from a list within the final two-month period. *By Heledd Pritchard*

## New flights

From summer 2019, Luxair airline will start direct flights to Marsa Alam in Egypt, Split in Croatia and Mahon in Menorca. This comes less than a month after the airline announced flights to Marrakesh in Morocco and Ras Al Khaimah, one of the seven United Arab Emirates. From the same period, Luxair will also add one extra flight per week to Kos, Faro, Antalya, Naples, Malta, Palermo and Ibiza. There will also be additional daily flights – starting this winter – to Paris, Vienna and Milan-Malpensa.

## Pizza chain

Well-known American pizza restaurant chain Domino’s has revealed plans for its first outlets in Luxembourg. With an existing presence in 28 European countries, Domino’s

will add the Grand Duchy as part of its expansion. Talking to the Luxembourg Times, Marianne Kemps, Domino’s Netherlands and Belgium PR manager, stated “our ambition is to open the first store in early 2019”. Domino’s is not just planning one or two outlets, though. “We plan to open between 10 and 15 stores in Luxembourg,” confirmed Kemps.

## Stock options

Stock or share options are gaining more traction in Luxembourg, mainly driven by Brexit relocations and the rising number of companies setting up a local presence. Nearly 3,700 people were offered stock options by their employers in Luxembourg last year, compared with a little over 3,000 employees in 2016. Stock options, mostly offered for senior positions, give employees the right

to purchase company shares at a fixed price over a set period of time or at a future date. Finance minister Pierre Gramegna defended their role in keeping the financial sector attractive.

## CSSF appointments

September will bring the winds of change to Luxembourg’s financial regulator, the CSSF, following two high-profile appointments. Luxembourg native Marco Zwick will become the CSSF’s top fund management official, while Luxembourgish Claude Wampach will serve as head of banking supervision. Zwick will take up his role from 1 September, replacing CSSF veteran Simone Delcourt, who is retiring after 13 years in the managing position. Wampach will start from 1 January 2019, following the retirement of Claude Simon at the end of December.

# The ‘main’ language of integration

A large majority of people living in Luxembourg believe the national language should be given greater prominence in daily life and the main language foreigners learn to integrate. In recent months, residents of all nationalities have been taking part in citizen discussions and online panels run by the Education Ministry to put forward ideas on how to develop Luxembourgish as a language of integration. A total of 78% of the population said Luxembourgish should be used more in everyday life.

# Chinese investor to have ‘no control’

Luxembourg economy minister Etienne Schneider has said the Chinese investor set to take a stake in energy company Encevo will have no say in its daily operations or recruitment of decision-makers. In July, private investment house Ardian agreed to sell its minority shares in Encevo to China Southern Power Grid International. Encevo is the parent company of grid operator Creos and energy provider Enovos, Luxembourg’s main energy supplier. The announcement of the sale raised concerns over the control the Chinese investor would have in Luxembourg’s biggest energy supplier.



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# The elections

Everything you need to know about the programmes (so far) – even if you don't vote

On 14 October, Luxembourgish citizens will head to the polls to elect 60 members of parliament, who will then govern for five years. The outcome of the election will determine the government's composition for the coming legislature.

The acting government, led by prime minister Xavier Bettel of the Democratic Party (DP), started work in 2013 after the DP, the Luxembourg Socialist Workers' Party (LSAP) and the Greens formed a rainbow coalition, known locally as the Gambia Coalition, after the various parties' colours.

According to many polls, the main opposition party, the CSV, is set to win the most votes in the upcoming election, but that's no guarantee it will be included in the next government – after all, it won the most votes in the last election, and it has since then been on the outside, looking in.

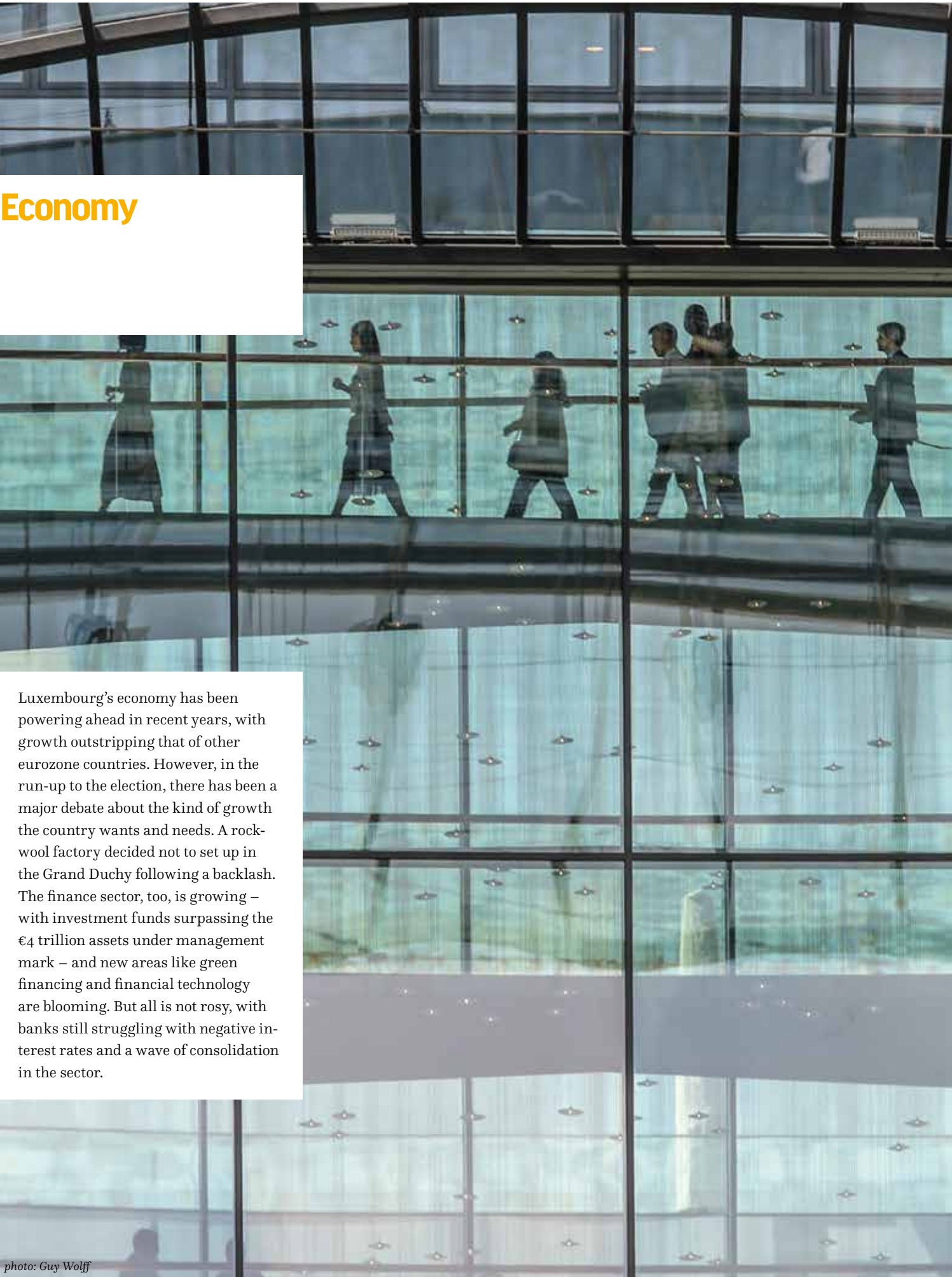
Will the CSV now win an outright majority? Or will it be forced to strike a deal with other parties to form a government? Will support for the Socialists continue to slide? Will the Greens, as many predict, become the 'king-makers'? Questions abound. For your reading pleasure, we've selected a few highlights from the programmes of the nine political parties running for office, policies that could have a major impact on the daily life of everyone in Luxembourg – both locals and foreigners alike.

The information in this article is based on the electoral programmes published or communicated to the Luxembourg Times at the time of publication. At that time, neither the CSV nor the ADR had published their full policy platforms. Further, the newly launched party Demokratie was not included in this article. Demokratie was embroiled in a scandal in August, when several of its candidates claimed they had been tricked into appearing on electoral lists "without consent" for the Central and Southern districts. The party asked to withdraw its lists, but its request was denied, as it failed to submit its application before the 16 August deadline.

Christian Social People's Party	The Greens	Democratic Party
 <p>Founded in 1914, the CSV has been the largest party in the Chamber of Deputies since its formation. It holds 23 of 60 seats</p>	 <p>Founded in 1983, the Greens hold six seats in Parliament</p>	 <p>Founded in 1955, the DP is one of the three major parties. Led by prime minister Xavier Bettel, it holds 13 seats</p>
Luxembourg Socialist Workers' Party	Alternative Democratic Reform Party	The Left
 <p>The second-largest party in the Chamber of Deputies, having won 13 of 60 seats. Founded in 1902</p>	 <p>A national conservative political party. Founded in 1987, it has three seats in the Chamber</p>	 <p>A democratic socialist political party. Founded in 1999 by members from the New Left and Communists, it holds two seats</p>
Communist Party of Luxembourg	Pirate Party Luxembourg	The Conservatives
 <p>Founded in 1921. At present, the party holds no seats in the Chamber of Deputies</p>	 <p>Founded in 2009. For the election, it will merge with the Party for Full Democracy, founded in 2013. Neither holds a seat</p>	 <p>Founded in 2017. At present, the party holds no seats in the Chamber of Deputies</p>







# Economy

Luxembourg’s economy has been powering ahead in recent years, with growth outstripping that of other eurozone countries. However, in the run-up to the election, there has been a major debate about the kind of growth the country wants and needs. A rock-wool factory decided not to set up in the Grand Duchy following a backlash. The finance sector, too, is growing – with investment funds surpassing the €4 trillion assets under management mark – and new areas like green financing and financial technology are blooming. But all is not rosy, with banks still struggling with negative interest rates and a wave of consolidation in the sector.

photo: Guy Wolff

<div>The Left</div> <div>3%</div> <div>The Left promises to hike taxes on capital and real estate gains – and reduce VAT to 3% on hygiene products</div>		<div>LSAP</div> <div>Space mining</div> <div>The Socialists want to invest in "forward-looking sectors" such as space mining, woodworking, film, media, gaming, art, design, fashion and architecture</div>	<div>Pirate Party</div> <div>Conditional basic income for all</div> <div>The Pirate Party will introduce a basic income – a salary from the state, to all citizens, without service in return</div> <div>More banking secrecy</div> <div>They also want a return to banking secrecy and no automatic information exchange</div> <div>It would scrap one and two-cent pieces</div> <div>1,2cents</div>
<div>Greens</div> <div>Green investments</div> <div>Unsurprisingly, the Greens say they will increase green-investing trading and gradually increase the share of green investments in the finance centre</div>		<div>adr</div> <div>NO NEW TAXES</div> <div>The adr says it wants "reasonable and responsible" growth, promising no new taxes or tax increases and a return to 3% VAT on housing and catering</div>	
		<div>CSV</div> <div>The party wants general tax relief for businesses, arguing medium-sized companies should be a driver for the economy. It also wants a time-limited tax regime for expatriates</div>	
<div>Conservatives</div> <div>Both the right and left ends of the political spectrum want to abolish the euro</div> <div></div>	<div>Communists</div>	<div>DP</div> <div>The DP pledges an "active policy" on setting up businesses, economic diversification</div> <div>It also wants a "successful, well-regulated and competitive financial centre"</div>	



<b>The Left</b>		<b>LSAP</b> The Socialists want to push the unemployment rate under <b>4%</b> The party backs a 38-hour working week with full pay compensation and effective anti-bullying legislation	<b>Communists</b> The Communists plan a 20 % minimum social income boost and to lower the legal retirement age to <b>60</b>
<b>Greens</b> In its labour package, the Greens want to penalise bullying, introduce the right to “disconnect” – ie the right not to be reachable on free time and not have to answer e-mails or work-related messages – a legal framework for remote working and to reduce noise at work			
<b>adr</b> THE ADR BACKS AN INCREASE IN THE MINIMUM SOCIAL INCOME			
<b>Conservatives</b> <b>+9%</b> The Conservatives want to increase minimum social income by this percentage	<b>Pirate Party</b> The party wants to bring in tax advantages for long-term employees		
		<b>DP</b> The DP "will encourage remote working from the employee's home" and backs partial work and sick leave options for long-term illnesses	

Labour

The number of job vacancies increased by 25% year on year in July, while the unemployment rate stands at 5.5%, below the eurozone average. However, the country's youth unemployment rate for those under 25 years of age remains much higher. Earlier this year, the population surpassed the 600,000 inhabitant-threshold – with foreigners making up 48% of the population. Political parties are scrambling to meet the needs of a modernising workforce, offering more flexible benefits for workers and tax advantages.

photo: Getty Images | Reza Estakhrian





## Education and Family

Education and family allowances have undergone reforms in recent years. The Education Ministry has introduced variations on its school offering, putting emphasis on different language sections and a European curriculum. The national system has, meanwhile, been implementing a plan to remedy the acute shortage of primary school teachers. New laws on leave for family reasons have come into place since the beginning of the year, such as extra leave for new fathers and a reduction in the number of days off for couples to get married or for a PACS.

photo: Getty Images | Paul Biris

DP

“Schools will continue to receive needed support to adapt to the local, socio-cultural and linguistic situation of their pupils”

The Left	LSAP	Pirate Party
<div>2</div> <div>Déi Lénk wants to allow each parent to have two years of paternity or maternity leave</div>	<div></div> <div>“Further development and <b>strengthening of public schools and childcare</b> are among our priorities”</div>	<div>3</div> <div>The party wants unmarried couples who can prove they have been living together for three years to have the same tax rights as married couples</div>
CSV		adr
<div>Pupils to start learning English in the</div> <div>7<sup>th</sup></div> <div>grade</div> <div>“We will evaluate the need for international classes and adjust the offer”</div>		<div>The adr says it will change monthly family allowances to</div> <div>€ 1,000 for 1 child</div> <div>and up to</div> <div>€ 2,500 for 4 children</div> <div>It will provide parental allowance for children up to 12 years old and bring changes which would give families a choice between working or staying at home</div>
Greens	Conservatives	Communists
<div>The Greens want to maintain <b>multilingualism</b> as the model of <b>international schools</b></div> <div>They also want to increase <b>parents’ involvement</b> in school life</div>	<div><b>Give extra educational allowance (with pension) “for mums and dads taking care of their child’s education”</b></div>	<div>+ 30 %</div> <div>budget to address all problems of the education system</div>





<div>The Left</div> <div>THE LEFT BACKS FREE TRANSPORTATION</div> <div><i>It calls for a progressive tax increase on diesel</i></div>				<div>DP</div> <div>The DP wants to increase spending on infrastructure: roads, railways, cycling paths</div> <div>It promises to make public transport free for all and is in favour of an energy “transition”</div>
<div>LSAP</div> <div>TRAM-FRIENDLY</div> <div>The party wants to reinforce cross-border cooperation on mobility, environment and natural resources</div> <div>It has also pledged to bring in free public transport</div>				<div>CSV</div> <div>“We propose a new mobility offensive dedicated to bus, train, tram and private transport”</div>
<div>Greens</div> <div>The Greens want to establish a national mobility strategy for the next 15 years, including <b>more railway investment</b></div> <div>It plans to “significantly improve” transport reliability and capacity by</div> <div>2025</div>				<div>adr</div> <div>The Adr wants a railway tunnel beneath Luxembourg City but is ‘tram-sceptic’</div>
<div>Conservatives</div> <div>The Conservatives back <b>monorail</b> as a “futuristic transport concept”</div>				<div>Communists</div> <div><b>NO MORE TRAM</b></div> <div>The party says it wants “no transformation of railway to tram lines”</div>

Infrastructure, Environment and Mobility

Pirate Party

The party says energy and water supply should be a “civil right”

A vehicle-circulation tax should be introduced on an on hourly, daily, weekly basis to cut traffic

Transportation is a major issue in Luxembourg – with traffic bottlenecks a common feature on the country’s congested roads. Some parties have pledged to bring in free public transport or further extend the tram network outside of Luxembourg City. Others plan to invest further in the country’s railways – which are used daily by thousands of cross-border workers to come in and out of the nation. Luxembourg agreed to invest €120 million in French railways earlier this year to improve the cross-border network, and cooperation with other countries features heavily in party programmes. Improving car-pooling, cycling paths and even a monorail are also on the table.

photo: Guy Wolff





# Housing



## Communists

The party wants the state and communes to build more than 50,000 public rental apartments

It also wants to limit rent on public housing to 10 % of tenants' income

Luxembourg's real estate prices have become a burning issue over recent years as the cost of buying a place to live has been steadily increasing. Housing prices have increased by 40% since 2010, and Luxembourg is among the European Union member states with the highest increase over that period. The latest statistics show the average price per square metre for an apartment reaches up to €6,000, while buying a house sets buyers back by around €700,000 on average. In recent years, new-build homes have seen the steepest price increase. But rental costs are also growing, with the largest price hike seen among one and two-bedroom apartments.

photo: Getty Images | Thomas Barwick

The Left			Pirate Party
The party says it would establish a public real estate agency Agency fees would be paid by the tenant			Family homes for a "fair price"
1 Rental deposit would be reduced to one month's rent			"State should build housing units and rent them at a monthly price of €750 to individuals, families"
LSAP			adr
			Boost social housing by +15%
The Greens			DP
			"Adapt" state aid on housing to real estate market, inflation
Conservatives			
CSV			
The Greens pledge to make agency fees a cost shared "fairly" between tenant and landlord			
They also say they would implement strict rules on acoustics in dwellings to reduce noise			
They would also anchor the right to housing within the Constitution			
no programme available yet			
NO PROGRAMME AVAILABLE YET			



<div>LSAP</div> <div>9May</div> <div>The LSAP plans to make this date Europe Day – a public holiday across the Continent. It backs the creation of a full-time EU Finance Ministry</div>		<div>Pirate Party</div> <div>The Pirates focus on a digital agenda for Europe. “We want to empower the right to digital participation,” the party platform states</div> <div>This includes plans to strengthen the European development of high-performance communications infrastructure</div>	
<div>The Left</div> <div>THE PARTY WANTS TO ‘STOP THE BLOCKAGE OF TAX HARMONISATION’ ACROSS THE EU</div> <div>IT WOULD STRENGTHEN CROSS-BORDER COOPERATION</div>		<div>DP</div> <div>The DP pledges to “defend and strengthen” Luxembourg as the seat of EU institutions</div> <div>Luxembourg under the DP would ensure the EU continues to be “cosmopolitan” and internationally competitive on economic issues</div>	
		<div>CSV</div> <div>The CSV plans to restore and expand Luxembourg’s role as a mediator and “go-between”</div> <div>“We want to put an end to the diplomacy of myopia and impulsivity,” it says</div>	
<div>Greens</div> <div>The Green party supports a European minimum wage and common employment benefits across member states</div>	<div>Conservatives</div> <div>The party argues border controls should remain a “national political decision”</div> <div>It wants to negotiate a new European Constitution</div> <div>And it backs the political transformation of the EU towards a Europe of Nations model</div>	<div>Communists</div> <div>The party would curtail the Treaty of Lisbon</div>	<div>adr</div> <div>THE ADR STANDS AGAINST A FEDERAL EUROPE</div> <div>IT WANTS TO REINFORCE COUNTRIES’ SOVEREIGNTY WITHIN THE EU</div>



Europe

As a founding member of the European Union and geographically located at its heart, Luxembourg is a country that prides itself on its EU membership. Yet sometimes, despite the European Commission currently being led by former Luxembourg prime minister Jean-Claude Juncker, Luxembourg’s interests have occasionally appeared to run counter to those of the bloc as a whole. The country’s weight and influence in Europe has also at times appeared limited. Political parties are split on how much to back greater eurozone integration – being pushed by France and Germany – and where Luxembourg should exert greater influence.

photo: Getty Images



# A polarising five years

*Luxembourg's finance minister came to his position quite unexpectedly, and, over the last five years, has made some polarising decisions. The Luxembourg Times takes a look at Pierre Gramegna*

By Barbara Tasch

To say Luxembourg's finance minister elicits strong reactions is as much of an understatement as saying Porsches are not unpopular in the country. Everyone in the industry has something to say about Pierre Gramegna, from those who say they cannot imagine a better finance minister to those who accuse him of putting his persona before the country. Whether they have endless praise or aspersions for the minister, everyone seems to agree on two things: his temperament and his being resolutely "Italian".

Gramegna grew up in Luxembourg's south, in Esch/Alzette, where he also went to high school before studying in Paris. He then joined the Foreign Affairs Ministry and worked as an adviser at the Luxembourgish Embassy in Paris before becoming director of the Board of Economic Development in San Francisco.

He was then appointed ambassador to Japan and South Korea before moving back to Luxembourg in 2003 to become director of the Chamber of Commerce, while also sitting on the boards of several Luxembourgish companies. He became minister 10 years later. Asked whether the learning curve was steep, Gramegna says in a previous interview with the *Luxembourg Times*, that, luckily, he was already quite familiar with the financial issues at hand. Other areas, however, were harder to grasp.

"The learning curve was the political balance, the institutions and public opinion. That's what is the hardest for politicians and for everyone, but you tend to underestimate that. As a diplomat, for example, it's not a priority to wonder how you are going to convince the public."

## What does he eat?

Part of the reason Gramegna's appointment came as a surprise to so many people lies in the fact he was not part of any political party prior to joining the Democratic Party, after he accepted the finance minister position. Now, almost five years after he entered the Finance Ministry, reactions to his tenure have been mixed.

For Luxembourg financier Norbert Becker, who has known Gramegna for more than 10 years, the minister has displayed a *parcours sans faute*, a perfect track record, during his tenure. For a former colleague, however, who wished to remain anonymous due to Luxembourg's small size, the only thing the finance minister did well was to promote his own self. Whether it is used to criticise him or praise him, most agree Gramegna is a great communicator and promoter – some say of his own persona, others of the Grand Duchy's financial place.

Another former colleague, wishing to remain anonymous due to the closed nature of Luxembourg's finance sector, says the Finance Ministry's only good policy under Gramegna has been in communications. The strong public finances lauded continually by the ruling coalition government should be taken with a pinch of salt, he says, adding that, considering the positive economic development and measures already put in place by the previous government, there is not much credit Gramegna can take. "He should have done much more, but he quickly adopted the habits of pre-



*'For someone who came from the Chamber of Commerce, he really isolated himself'*

decessors he once criticised and stopped doing anything that would displease people."

Another former friend and colleague, who has known the minister for more than 20 years, says he expected Gramegna to have done more for the interests of Luxembourg's financial sector, especially considering his background. "For someone who came from the Chamber of Commerce, he isolated himself. He did not seek enough contacts."

Nicolas Mackel, director of lobby group Luxembourg for Finance (LFF), says there is "no definitive answer" when asked about the overall impression of Gramegna's work within the sector. But he did say there was no doubting that the minister was an "excellent salesman of our financial centre".

The answer, he concedes, is likely to depend on who is asked. If they have more of a fondness for international matters, they will rave about him. If they don't care that much about international issues and concentrate more on technical aspects, they might be disappointed he didn't give as much importance to specific areas as they would have wished.

"Altogether, if you did a survey among all the professionals working in Luxembourg's financial centre, I think the report he would get would be extremely good," Mackel says.

Gramegna has tirelessly and with great success defended Luxembourg's financial place abroad, according to the head of the LFF. The two have often travelled together over the last five years, and Gramegna's energy has made an impression.

"What does he eat?" is something his crew would sometimes wonder, given the minister's energy. Mackel adds that, on more than one occasion, he travelled with Gramegna when the minister had seven or eight meetings in one day, all tackled with the same enthusiasm.

What is clear, however, is what Gramegna doesn't eat, Mackel reveals – sandwiches. "He is a very civilised man who also likes to eat in a very civilised way," he says. "It doesn't have to be complicated, but it has to be sitting down. It's something I understand. I also prefer this, but, among ourselves – those who travel with him – the running joke is whether there will be sandwiches or not."

## Everything that is beautiful

In certain ways, his disdain for sandwiches reflects a trait that has been pointed out by many. He's Italian.

"Pierre Gramegna is a very intelligent man," Becker says. "He's a man with passion. Everything he does, he does passionately and with commitment. He has a very high level of energy. He is from Southern European descent, and that explains his person – he's passionate and dynamic, and he doesn't exactly accept everything and defends himself."

photo: Steve Eastwood





***‘The masterpiece of his time in office is having people in Brussels and Paris back off’***

For Mackel, there are three words to describe Gramegna: “Dynamic, aesthete and intelligent.” He expands on aesthete, saying the minister likes “everything that is beautiful – beautiful paintings, beautiful landscapes, beautiful buildings, good wines, good meals”. A description matched almost word by word by a close friend of the minister and prominent figure in the world of Luxembourg finance, who also wished to remain anonymous. That Gramegna is temperamental and passionate and expects to be treated in a certain way is another opinion shared by many who know him. “What he doesn’t like – it’s normal, I’ve seen ministers from other governments have the same reaction – is when a Luxembourg finance minister is not received in a way we expect, as the representative of a sovereign country,” Mackel says.

He adds that, in Asia, for example, this was never an issue, but that, in other countries, “they are more lax in the way they go about it”.

**Rescued reputation**

It is exactly this energy and eloquence that has allowed Gramegna to deliver on what he is so highly praised for – defending Luxembourg’s reputation. “He had to play this very hard game to take Luxembourg off all the black lists,” Becker says. “He had the courage to lift banking secrecy – that wasn’t easy, as a lot of actors in Luxembourg were afraid it would be a catastrophe for the financial sector. He also defended something that is very important for Luxembourg, that’s essential for Luxembourg – the AAA rating.”

Becker adds that, when Luxembourg was on the black lists, many companies were considering to leave the country, while others that had been thinking to come to the Grand Duchy were thinking twice. “When you look at the fund industry today, we have €4.2 trillion under management.” Becker and Mackel have also praised his work respecting Brexit, saying the “partnership” strategy has worked. Gramegna, they say, has spent a lot of time talking to people and going out of his way to make sure companies considering a post-Brexit move to Luxembourg would get to talk him if they wanted to.

“You can, as always, see the glass as half full or half empty,” Becker adds. “Pierre Gramegna is not in Luxembourg every day because he is abroad defending Luxembourg. He gives conferences, he visits companies in America, in London, in the Middle East. He’s going everywhere.”

Even for those who were less impressed with the minister’s performance, the way he managed to turn around Luxembourg’s reputation was something to be admired. “I will always be thankful to Gramegna for that ... for how he handled the aftermath of LuxLeaks and the Panama Papers,” a close friend says. “The

masterpiece of his time in office is having people in Brussels and Paris back off. They believed him. He kept Luxembourg from being isolated. We get to thank him for not being on any grey and black lists any more. He did a lot of things very well. “The second half of his mandate is another story.”

**Not enough for Luxembourg**

Gramegna’s friend says the change he saw in the minister was that he started enjoying working for a public administration and could imagine staying on as a minister for a second term. At the same time, however, he “stopped seeking advice” and “stopped listening to people”.

“You cannot disagree with him,” his friend says. “He speaks, and you have to listen. He wasn’t like that in the beginning.”

According to three people Gramegna has worked with, the finance minister has done too little to fight for the reputation of Luxembourg’s financial centre. The effects of this can be seen in Brussels, where Luxembourg no longer enjoys a strong negotiating position, they say. Gramegna wants to be close to the European Commission and to commissioners and says yes to everything to be “everybody’s darling”, according to one former colleague. Luxembourg had always been granted exceptions at the EU level, but “not anymore”, something one former colleague puts down to a lack of understanding, naivety and misplaced political calculation on Gramegna’s part.

“After we got Luxembourg off the lists, we gave in and said yes, yes, yes to everything, without keeping any levers,” his former colleague says. “If, at the EU level, you give something without getting anything back, then you have not understood how to play the game.”

**What next?**

Gramegna has said he is enjoying his first electoral campaign and is adamant that, even if his party fails to win a place in the next government, he will stay on as a member of parliament. People from his entourage and others who have worked with him, however, do not tend to believe this.

Whispers that he might be eyeing a position at the Organisation for Economic Co-operation and Development (OECD) have been circulating. “Suddenly, he finds everything the OECD does is good,” Gramegna’s friend says, noting the minister’s failed bid to become Eurogroup president.

Another suggestion is that he may return to where he began, the Ministry of Foreign Affairs, and that he might want to become an ambassador again – “he wants to go to Rome or Paris”. If none of this pans out, they predict he will join a tax advisory company or a bank in Luxembourg.

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# This October, Luxembourgers will be voting on Europe, too

*In Europe, 'national interests' make voters' voices magically disappear*

In light of the upcoming elections in Luxembourg, a friend who works in politics asked me something that puzzled me. This friend – whose opinions I don't always share but whose analysis I value – was wondering how his party should plan for the European elections, once the national campaign was over. "What topics," he asked, "should we put on the agenda?"

To me, the question sounded wrong, mostly because the clear-cut distinction between a European campaign focusing on 'European issues' and a national one focusing on 'national issues' is probably the chief reason for the hypocritical, dysfunctional and unintelligible mess that is the European Union (EU). "No matter what the answer is," I replied, "put those issues on the national agenda this October as well."

This matters because most of what the EU does or doesn't do is voted on during national elections, not European ones. Regrettable though it might be, the institutions with the most power in the EU are precisely those representing national governments. The Council of the European Union, comprising national ministers responsible for the various policy areas, has at least as much power as the European Parliament on single-market issues and almost absolute power over foreign policy, taxation and enlargement.

The European Council, where the heads of state and government sit, not only dictates the main direction the EU takes but has recently fought to preserve its veto over who is elected president of the European Commission, the EU body that proposes new legislation. In 2014, the European Parliament tried to put this decision at the heart of the European election campaign; national governments, however, said "niet". From 2019, there will be no more "automaticity" between the results of the European elections and the appointment of the Commission president. This not only made the EU harder to understand it also cruelly disempowered its citizens.

Here's a hypothetical situation illustrating why this matters. If protecting the environment is im-

portant to you, for example, you might vote for a Green politician because of her plans to build a recycling station. But, once elected, she becomes minister of justice and must represent Luxembourg at the Council of the EU. There she must fight for Luxembourg's 'national interests', which are hardly ever defined and tend not to change too much. Your vote – won because of recycling plans – will have brought this woman to Brussels, where she must now defend something for which you never voted.

This is why European topics should be at the heart of any national-election campaign – when ministers travel to Brussels, citizens can judge their actions based on their political programmes. Whenever a 'European' issue appears on a national electoral agenda, however, it tends to go sour (take the topic of migration in Italy, Germany or Eastern Europe, or the euro single currency in Southern Europe, not to mention Germany or the Netherlands).

Controversial issues should, of course, be debated during campaigns. The problem is that, while these topics are being discussed in a given country during an election, the rest of the EU is often paralysed. Every European who hoped for reform of the common currency, for example, had to wait until the end of a complicated election and an even more complicated Cabinet formation in Germany – despite having no say in either. And now, because Bavarians will soon vote in regional elections, Germany is now trying to 'look tough' on the issue of migration, shifting the whole agenda in Brussels to the right. Similar situations arose before the Italian, Dutch and French elections.

There is one simple reform that, if carried out immediately, would probably do the EU a lot of good: national elections across all member states should all take place the same day. We could then call them 'European Council elections', while the European elections could then be the 'Parliament elections'. This would be more honest, and it would produce more functional legislative periods. Put simply, it would be a good start.

*'National elections should all take place on the same day'*



Diego Velazquez,  
Brussels  
correspondent for the  
Luxemburger Wort

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# Luxembourg’s shining star

Today’s largest satellite operator started as a small, risky idea that has succeeded against all odds

By Roxana Mironescu

SES is listed on the Euronext Paris and Luxembourg stock exchanges



photo: Anouk Antony

Back in 1985, the Société Européenne des Satellites, which became simply SES, had no money, no regulatory approval, no satellite or TV channels and, needless to say, no clients or viewers. This is how the story of the world’s leading satellite fleet operator started in the tiny Grand Duchy of Luxembourg. And it was not without controversy given that its neighbours, particularly France, were concerned SES’s first satellite, Astra 1A – launched in 1988 – would threaten their own satellite programmes and become a vehicle for ‘US cultural imperialism’.

But, despite what SES described as a “long struggle”, the Luxembourg government-backed company was born 33 years ago, becoming Europe’s first private satellite operator at a signing ceremony on 1 March 1985. Fast forward to February 2018, SES caught the market by surprise once again by announcing a major reshuffle at the top of the company, including the departure of then chief executive and president Karim Michel Sabbagh, who had been in the role since April 2014.

A new chapter is now beginning, with industry veteran Steve Collar at the helm, moving from the expanding networks business to calling the shots for the entire organisation. Six months after his appointment, Collar looks back on the change and concedes it has been a “busy” period but says with confidence that the company is “executing as a business”.

“We’ve got two very strong business units, SES Video and SES Networks,” he says, adding that the company “is starting to see the value of having those two businesses really engaged in the market”.

While the video business is very large and profitable but flat in terms of revenue, according to Collar, the network division is a “young, more dynamic business” and developing fast. He predicts it will become the “engine of growth for SES”. SES Video generates 68% of the group’s revenue, while the networks unit provides 32% of total income. The operator predicts the balance will shift from 70/30 to 60/40 in overall revenue streams by 2020.

“We are expecting double-digit growth from our networks business for the foreseeable future,” Collar says, adding that he envisions SES will have a “nicely diversified business” based on these two main pillars.

In its latest results for the first six months of 2018, the satellite operator’s revenues hit company expectations, amounting to €981.4 million, slightly less than last year’s figure exceeding €1 billion. While the video business fell by 2.3% in the first half year on year, its networks division saw a 10.6% increase in underlying growth, driven by new business in the aeronautical and government sectors. Announcing the first-half results in July, Collar argued that the business was

“on the right side of the curve”. This summer, SES signed a major “blanket purchase agreement” with the US government for services supplied by its fleet of medium Earth orbit (MEO) satellites, while at the beginning of the year, GovSat’s first satellite, backed by SES and the Luxembourg government, was also launched into orbit by Elon Musk’s SpaceX from Cape Canaveral, in Florida.

Looking to the future, Collar says he wants SES to continue “to be the reference” for the industry while ensuring it continues to innovate and focus on new markets. He admits the satellite industry is experiencing “huge disruption” driven by changing consumer behaviour, technological advancements and other satellite operators. He says, however, that he feels no threat from other companies operating in the sector and even “welcomes” competition. “The kind of scale we have at SES – that’s something really important.”

Today, SES is responsible for nearly 94% of the local space sector’s contribution to the economy, which stands at nearly 2% of total gross domestic product (GDP) in Luxembourg. Collar, when asked if the satellite operator feels any pressure or responsibility from its position in a sector of growing national economic significance, emphasises the long-term relationship between SES and the government.

“SES makes a big contribution,” he says. “But, equally, I think it’s a great relationship, that Luxembourg and the government make a great contribution to SES.” Despite the satellite operator’s global footprint – employing more than 2,000 people worldwide – for Collar, SES is still very much anchored where it all started.

“We are a global business, we are the largest satellite operator, but our core and our home are very



photo: Lex Kleren

A satellite industry veteran Steve Collar was appointed president and chief executive of SES in April



# SES-12

The all-electric geostationary satellite undergoing final tests at the Airbus clean rooms in Toulouse

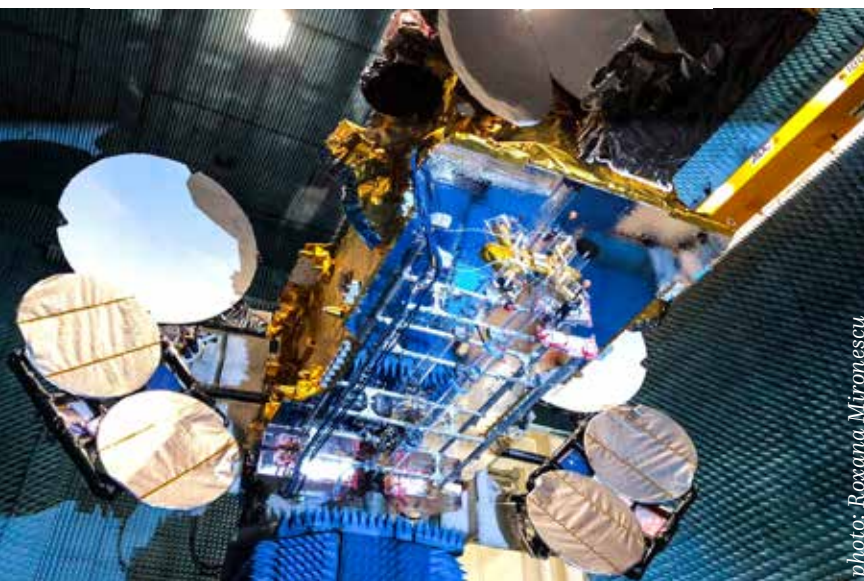


photo: Roxana Mironescu

much here in Luxembourg,” he says. The company, which carried out four satellite launches in the first six months of 2018, has, over the years, not only grown into a global player, exceeding expectations, but also turned Luxembourg into a point of reference for satellite business.

“I love the fact we started as a kind of crazy idea in a relatively small nation, very supported by the government, in a way that was so critical to the development of SES back in the day,” Collar says, adding that the Luxembourg government “still plays a very important role and continues to support our crazy ideas”.

He says investing in the MEO internet-delivery constellation O3b Networks, which Collar led before joining SES, was a “non-obvious thing to do”. Yet today, thanks to the acquisition of O3b Networks, SES can offer the only scalable MEO and geostationary Earth orbit (GEO) combination in the satellite industry.

“We have this unique MEO capability,” he says. “The explosion in demand for data, driven by some of the other big trends we see – cloud and, in particular, enterprise cloud, the Internet of Things, Machine to Machine – all of that is going to drive a huge amount of data need within networks, making those networks intelligent.”

As the Luxembourgish government seeks to build a space hub in the Grand Duchy to diversify the economy and help the country “reinvent itself”, in the words of deputy prime minister Étienne Schneider, SES will play a central role in bringing the new ecosystem together. “Luxembourg has proven

itself to be very nimble as a government,” Collar says. “Having the clarity and strategic focus around space is to be applauded.”

Can Luxembourg win its bet on a “kind of crazy idea” once more? Can it really grow bigger in space than it is on Earth? Relative to the contribution the country makes to the sector, Collar thinks it is already succeeding. “Luxembourg punches above its weight in space,” he says. “And it will continue to do so.”

## About the world's largest satellite operator

SES was founded in 1985 and is headquartered in Betzdorf, in the east of Luxembourg. In 1986, construction began on the SES satellite control facility at Château de Betzdorf, a former residence of Grand Duke Henri. This was followed by the commission of Astra 1A – SES’s first launched satellite and the first European medium-powered satellite.

In 1988, Rupert Murdoch’s Sky TV was the first major private broadcaster to sign up to Astra, booking four transponders in a 10-year deal on the Astra 1A satellite due for launch at the end of that year. German broadcasters Pro7, Sat.1 and RTL were also among Astra’s first major clients.

Today, SES operates a fleet of 54 GEO (geostationary Earth orbit) and 16 MEO (medium Earth orbit) satellites, distributes more than 7,900 TV channels and reaches 351 million households globally. The company, which employs more than 2,000 people in more than 20 locations worldwide, is listed on the Euronext Paris and Luxembourg stock exchanges.

It has issued two classes of shares, A and B, with each entitled to one vote. The A shares are held by private and institutional investors, while B shares are owned by the Luxembourg State and two entities wholly owned by the state. Directly and indirectly, the State owns about one-third of the company.

Among the private investors owning shares in SES are Sofina Group, Luxempart Invest and Nouvelle Santander Telecommunications.

The SES board of directors consists of 10 representatives for A-class shares held by private investors and five representatives for B-class shares owned by the State.



The State owns about one-third of the company

photo: SES

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# Political capital

*Luxembourg's finance industry is not kicking up a fuss ahead of the election*

By Hannah Brenton

In the run-up to national elections in October, Luxembourg's finance industry is taking a back seat. While the country's labour unions have set out a laundry list of demands, finance associations have been strikingly quiet.

"It's not the style of bankers," says the Luxembourg Bankers' Association (ABBL) chief executive Serge de Cillia. "The finance sector cannot have an aggressive communication: that's the game, that's the tradition. Bankers have to be serious."

Yet for an industry that accounts for more than 20% of Luxembourg's GDP, the finance sector's political clout is also limited ahead of the national vote for one simple reason: it is mainly staffed by foreigners.

Only a little more than one-fifth of financial workers are Luxembourg nationals – according to the latest figures from the nation's statistics bureau Statec – meaning politicians wooing voters have to look elsewhere. Issues crucial to the finance industry could, therefore, be on the back-burner until a new government takes power.

There are also signs it may play politically to stand against the perks of financiers, with some parties promising to limit executives' stock options. "There is a lot of banker-bashing in other countries – we do not have the same aggression here in Luxembourg," De Cillia says. "But, on the other hand, people simply do not know what we are doing, what our contribution is for the country, for the budget."

## Banks

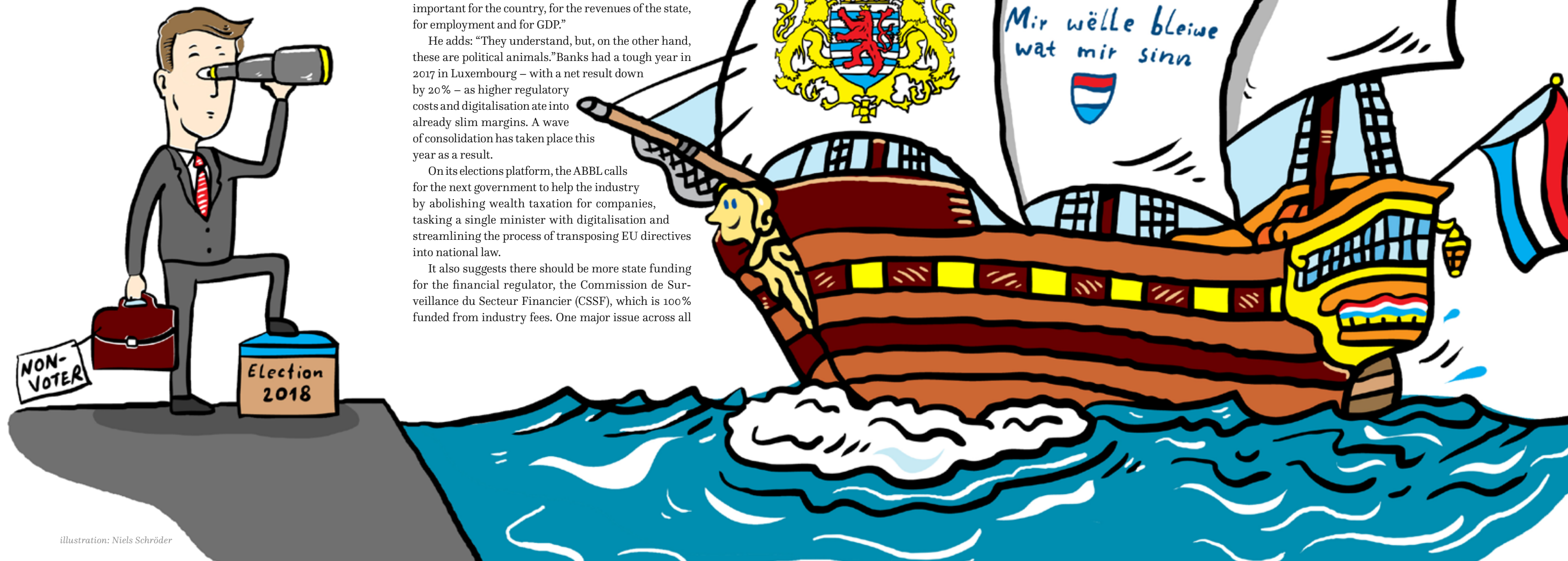
While the industry may not be kicking up a fuss, there are still plenty of policies it would like to see brought forward. The ABBL has presented a seven-point list to the major political parties in private meetings, including steps it would like to see to maintain the competitiveness of the financial sector and help attract fresh talent to the Grand Duchy. "We discussed it with the representatives of the political parties," says De Cillia. "Most of them understand the situation where the financial sector is important for the country, for the revenues of the state, for employment and for GDP."

He adds: "They understand, but, on the other hand, these are political animals." Banks had a tough year in 2017 in Luxembourg – with a net result down by 20% – as higher regulatory costs and digitalisation ate into already slim margins. A wave of consolidation has taken place this year as a result.

On its elections platform, the ABBL calls for the next government to help the industry by abolishing wealth taxation for companies, tasking a single minister with digitalisation and streamlining the process of transposing EU directives into national law.

It also suggests there should be more state funding for the financial regulator, the Commission de Surveillance du Secteur Financier (CSSF), which is 100% funded from industry fees. One major issue across all

ABBL calls on next government to abolish wealth taxation for companies





financial players is the corporate tax rate, which the ABBL would like to see lowered to an overall rate of 20–21%. “We are not aggressive,” De Cillia says. “Our proposals are fair proposals – we just see we are today in global competition when it comes to taxation, and the tax rate is no longer attractive compared with OECD members.” Companies are facing a tax hike in January when European anti-tax avoidance rules come into effect and push the effective rate for many corporates in Luxembourg much closer to the current headline rate of 26%. However, despite consistent concerns across the finance industry that, without action, Luxembourg could lose its edge on tax, the issue has not been front-and-centre in any party programmes.

Other financial sector groups are open about their hopes heading into the election. Jean-François Terminaux, chairman of Finance and Technology Luxembourg, representing IT companies that provide services for financial firms, says his organisation has sent a letter to all parties requesting that rules on outsourcing granted to banks also apply to IT firms. “Our own customers can outsource, we cannot,” says Terminaux, arguing that it puts the sector at a disadvantage.

While the ABBL was willing to discuss its elections platform, the other major financial industry representatives declined to comment – including the Luxembourg Insurance and Reinsurance Association (ACA) and the Association for the Luxembourg Fund Industry (ALFI). The Luxembourg Private Equity and Venture Capital Association (LPEA) was unavailable for comment.

### Funds

While ALFI declined to comment in detail before a press conference setting out its recommendations at the end of September, the organisation has been meeting with politicians behind closed doors. “ALFI has identified a number of priority recommendations to support the development of the Luxembourg fund centre and shared these with the main political parties in Luxembourg,” a spokeswoman says. A top priority for the fund industry is likely to be how Luxembourg can tap into the growth of passive funds. Steen Foldberg, head of Luxembourg and managing director at fund manager Aberdeen Standard

Investments, says he would like to see Luxembourg increase its footprint among exchange-traded funds (ETFs).

While the Grand Duchy has the edge on alternative investments funds (AIFs) and retail UCITS structures, many in the industry think it has fallen behind Dublin when it comes to ETFs – the low-cost passive funds that have grown in popularity amid pressure on fund managers’ fees.

“What I would like to see is for Luxembourg to become the home of the ETFs as well,”

says Foldberg. “The Irish were pretty quick in saying, ‘well, Luxembourg has UCITS and AIFs, so let’s try now to focus on ETFs’. In Luxembourg, we didn’t focus too much on that – and then, suddenly, that small ship on the horizon became a super tanker on the Moselle.”

The Dane, who has lived in Luxembourg for almost 30 years, says politicians should sit down with the fund industry as a whole to find a way forward. “For companies like ourselves, when we end up working in two jurisdictions, this is not necessarily efficient – and, therefore, we need a proper response in the ETF space and in the hedge fund space,” he says. Some in the industry suggest this could include changing or scrapping the *tax d’abonnements*, a subscription tax of 0.05% imposed on a fund’s net assets at the end of each quarter – which can come down to 0.01% for some funds. Even at that level, however, it can be off-putting for ultra-low-fee ETFs. Nevertheless, Luxembourg’s fund industry surpassed €4 trillion in assets for the first time in 2017 – continuing to attract investors’ cash regardless – perhaps limiting its ability to call for change at a time of growth. “We need to fix the roof when the sun is shining,” argues Thomas Seale, an independent director and former chief executive of the European Fund Administration. He says, to remain on its upward-trend, the fund industry needs key issues – like attracting talent and launching new products – addressed.

### Disconnect

Yet the industry’s lack of political capital means its public demands are likely to be limited heading into the election. “The difficulty we face in Luxembourg is that, on the one hand, the fund industry and even financial centre more generally is incredibly important for the national economy and the wealth of the country,” Seale says. “But, at the same time, it’s not very well understood by the national electorate. There is an issue because we are in a very technical industry, where small changes can make a big difference.” Many of the industry’s major concerns, such as cutting corporate tax, reducing the *tax d’abonnements* or defending stock options, are also unlikely to play well with the man on the street. Politicians are perhaps unlikely to be particularly accommodating as a result.

“I don’t think there will be a lot of commitments ahead of time by the different parties to the business community,” says a senior partner at one of the major law firms, who preferred not to be named due to the personal nature of his views. “In the run-up to the elections, all of the parties are courting the voters. Democracy means the vote or the dictate of the majority, and the persons in the business community are in the minority.” However, after the election, regardless of which parties end up on top, the lawyer doubts there is any real threat to the business world given its economic, if not political, importance to the Grand Duchy. “Overall,” he says, “nobody will be foolish enough to saw the branch from the tree on which we are sitting.”

A top priority for the fund industry is likely to be how Luxembourg can tap into the growth of passive funds

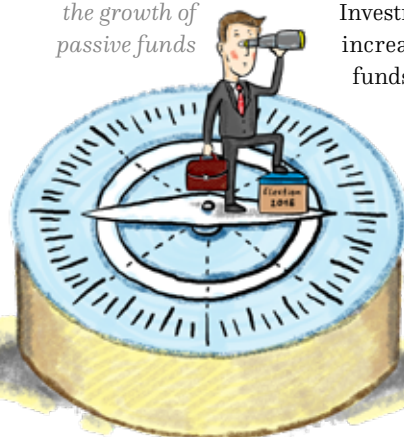
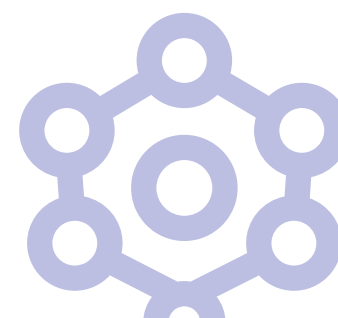


illustration: Niels Schröder

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# ‘Foreigners need to show more interest in the way Luxembourg is run’

*President of body representing foreigners in Luxembourg questions how involved non-nationals are in community life and local politics*

By Heledd Pritchard

The president of the body representing foreigners in Luxembourg says non-natives must show more interest in the way the country is run if they want to have a say in its future.

Franco Avena is the new president of the National Council for Foreigners, the Conseil National pour Etrangers (CNE) – an advisory body that represents the interests of foreigners living in Luxembourg. The CNE advises Luxembourg’s parliament on draft laws relating to integration.

The body consists of 34 members – 22 of whom are foreign nationals voted in for a five-year term by non-profit organisations, while 12 are appointed by family and integration minister Corinne Cahen. The government then nominates the president and vice-president.

With only weeks to go until the national elections, Avena laments how little interest foreigners show in the country’s political landscape. He also argues the government should do more to make information accessible to non-Luxembourgish residents.

Avena, an Italian national, was voted in as president of the CNE in January. He believes being involved in community life, understanding how the political system works and having some knowledge of the language and culture should be the “basics” for foreigners living in

Luxembourg. “I can understand, if someone only stays here for about two years that they do not show that much interest,” he says. “But for someone who lives here for five years or more, it would be in his or her interest to know what’s going on in parliament.”

He highlights how Luxembourg has put measures in place to make acquiring Luxembourgish nationality – a ticket to the right to vote in national elections – more accessible. “To be a voter, you must really show an interest in the country,” he says. “Otherwise, what’s the point of being an elector? People have to have a minimum of knowledge to be a good elector.”

## Three years ‘enough’ for nationality

In 2015, a government-backed referendum was held asking Luxembourgish nationals whether foreigners should be given the right to vote – a motion that was opposed by 78% of voters.

But last year parliament passed a new nationality law reducing the number of years of residency before non-Luxembourgish residents can gain citizenship, from seven to five. Would-be citizens must also pass a Luxembourgish language test.

The new law, which came into force on 1 April 2017, also gives those who have at least 20 years of residency access to nationality after taking a total of 24 hours of

language lessons. “The government created a law so people who really want to vote can ask for dual nationality and can then vote easily,” Avena says.

“What the CNE could do is ask for the period of residency to be reduced from five years to three. Five years isn’t bad because, to vote, you need to know the country, and you need time to do that.

“But, if it were to be reduced from five to three, that would be OK. In three years, people have enough time to get to know a country, to know who is who, especially if foreigners are interested in community life.”

But he questions how involved some foreigners are in the local community. “How many [foreigners] are interested in community life? As soon as there’s a bank holiday, they leave for the weekend.”

Avena also claims the government needs to do more to make information more accessible to the international community. Parliamentary debates and party congresses are held in Luxembourgish, and government communication is also predominantly done in the country’s national language. “A foreigner – even if they have been learning Luxembourgish for two or three years – can’t follow [the debates],” Avena says.

He says the “ideal situation” would be for debates to be held in Luxembourgish but with an inter-

pretation into French and English. “We have to go more and more towards English – the country is becoming more and more anglo-phone,” he adds.

He claims if foreigners knew they could completely understand and respond to the content of debates, they would be more interested in politics. “The barrier between foreigners and politics is in the language,” he says.

Avena describes having knowledge of Luxembourgish as “necessary” – not only to be able to speak to locals in their native tongue and integrate more easily but also to acquire a deeper understanding of how the country is being run. He also says it is important in education and welcomes the plurilingual crèche reform introduced in October last year, which, he says, the CNE supported.

Avena has put in place six working committees within the CNE focusing on areas including youth, education, cross-border workers, refugees and senior citizens. Foreigners make up almost half of Luxembourg’s population and consist of more than 170 different nationalities.

Predictions calculated by the European Union’s statistics office, Eurostat, anticipate that, over the next two years, Luxembourg’s population will have increased by 38,629 and net migration in the year 2020 will reach 10,210.

This means Avena faces the unique task of representing a group that could soon outweigh the number of natives.

*Franco Avena became president of the CNE in January*





# Luxembourg's crypto dilemma

*The Grand Duchy is struggling to remain a digital frontrunner while mitigating the risks around cryptocurrencies*

By Roxana Mironescu

Luxembourg is having a hard time coming to grips with the expanding world of cryptocurrencies, as well as with the lesser-known capital-raising concept of Initial Coin Offerings (ICOs). Although there is a strong business case for the use of cryptocurrencies and the launch of ICOs to support innovative projects that would not otherwise see the light of day, Luxembourg authorities have yet to release a set of rules or framework for the regulation of crypto-assets or ICOs.

"Luxembourg is in a quandary, and it sends mixed messages," says blockchain expert Sorin Cristescu. "Rather encouraging messages sent out by the political class are immediately followed by rather discouraging messages from the regulator."

Critics warn that Luxembourg could fall behind rival financial centres without a change in course and a new set of laws covering cryptocurrencies or virtual currencies. Laurent Kratz, a serial entrepreneur and founder of Scorechain, agrees the Grand Duchy has started to "lose ground". He says "a lot is at stake", referring to a race among countries to create a welcoming ICO framework.

## International race

Industry experts warn Luxembourg could lose big if it fails to compete in the international race to become a default jurisdiction for cryptocurrencies and ICOs. "If authorities don't focus and come together on a clear, positive message to encourage innovative projects and mitigate the risks, Luxembourg will be condemned to losing a race that is extremely important for it," Cristescu says.

He believes the country "cannot afford to lose the competition" due to the "threat" the blockchain technology represents for the financial sector, through the emergence of new financial services and currencies. Cryptocurrencies – "a cross between mathematics, economics and computer science" – have grown in importance because they



“open a new dimension to the nation state and the fiat currency of the nation state”. It’s for this reason Luxembourg’s authorities have been “reserved and very prudent, and not necessarily encouraging, towards cryptocurrencies”, he adds.

Emilie Allaert, head of operations at the Luxembourg House of Financial Technology (LHoFT), takes a different view, advocating a more cautious approach. She says the country’s financial watchdog, the Commission de Surveillance du Secteur Financier (CSSF), is trying to “get an understanding of this new way of raising money, to bring something that will add value to Luxembourg”. And while she concedes legal uncertainty could “push some companies away” to countries where ICOs are welcomed, being first, she says, is less important than finding a way to make ICOs safe for investors.

#### No set definition

Overall, there is no set definition for cryptocurrencies or crypto assets. Every currency or token is different, although blockchain is often a common feature. While some ICOs will issue more currencies, others will issue something similar to securities.

Utility tokens, for instance, give owners access to specific products or services, while securities tokens give holders certain ownership rights in a company. The latter allow companies to issue shares and dividends and provide voting rights, similar to an initial public offering, except that all these processes take place on blockchain. “It is a really powerful tool you would not have with other ways of funding,” Allaert says.

Businesses can use ICOs to access a liquid market if they are having a hard time raising funds from other sources such as venture capital firms or banks. Another positive reason for hosting an ICO is that companies don’t need to issue equity in most cases, meaning the founder remains the sole shareholder.

#### Investor risks

Dirk Zetzsche, professor in financial law and ADA chair in Financial Law & Inclusive Finance at the University of Luxembourg, sees three main risks when investing in an ICO: fraud, information asymmetry – when one party has more information than another – and business risk.

“Some of them are good and very honest, and some of them are ‘compliant’, but there are a lot of free riders,” Zetzsche says. He refers to “the promise” ICOs make

to potential investors. “We don’t know when things will be delivered, when they will work or whether there is a market for it when a new type of coin is developed.” Another problem, according to Cristescu, is that people can use cryptocurrencies without a strong link to their “real-life personas”, which opens the door to “all kinds of behaviour” authorities don’t look kindly on, such as money laundering, terrorism financing and tax evasion.

While the technology opens the door to many business opportunities, entrepreneur Kratz acknowledges that “it’s risky”. He adds: “Today, blockchain, because of its nature, is about innovation, so there are a lot of grey zones.” Kratz also suggests some crypto and ICOs could be incompatible with Luxembourg’s position as the largest fund centre in Europe. “Luxembourg is a well-known place for having the most regulated funds in Europe, for the sake of the investors, whereas crypto-assets are about the most dangerous type of investing.”

In Luxembourg, ICOs fall under different types of regulatory frameworks, from securities to the prospectus law, collective investment laws, payment laws and money laundering legislation. Which regulation applies – and to what extent – depends on the project. The CSSF, therefore, has no law to apply, Kratz argues. “They [are doing] their job when they state that it’s dangerous to invest in ICOs because that’s the truth.”

#### Regulatory approach

At the CSSF, head of innovation, payments, market infrastructure and governance Karen O’Sullivan acknowledges there is market “interest and appetite” for entities centred on cryptocurrencies and ICOs. Despite the lack of regulatory framework, which means these projects do not fall under the CSSF’s direct “supervisory sphere”, the CSSF wants to have a “feel for what is going on” and ensure the project would not fall under any other existing regulation. “We are available for

those considering an ICO project to contact us and present their project,” O’Sullivan says. At present, filing applications for hosting ICO projects at the CSSF is done by companies on a voluntary basis. “We are not reviewing, assessing or signing off in any way on any project.”

O’Sullivan wonders, however, whether the risks of ICOs might outweigh the opportunities. She also questions their impact on the investment fund industry. “Depending on the developments or the regulation from the ICO, it could have a knock-on impact on the fund industry,” she says, adding that the regulator is very “conscious about it”.

She also says that, given the small size of Luxembourg’s domestic market, the CSSF is dubious of any economic benefit for the Grand Duchy itself. The fact a high percentage of ICO projects “will never be successful” also poses a serious risk, she says, as some projects are also “fraudulent in some respect”, which makes it difficult for supervisors to ensure “it’s the small percentage that manages to come out of the large brew”. She says: “Currently, there is no vetting of those projects, there is no supervisory view of those projects, so there is a huge risk – be it for the informed or uninformed investor.”

The CSSF is working on an FAQ document that will seek to “give clarity and explain certain things”, O’Sullivan says. It will mark the first time the regulator has released specific information on virtual currencies and ICOs since March, when it published two public warnings for investors. The CSSF intends to “tell the market this is what we look at, this is what is covered”. But ICOs will be a real challenge to regulate worldwide, according to Zetzsche, who points out that many projects are launched in one place and then sold globally. While crypto-assets are a global phenomenon that transcends borders, there is lack of agreement among political leaders – even at the European level – about how best to regulate them.

O’Sullivan does not expect Luxembourg will strike out on its own. “A national initiative isn’t necessarily the best way of doing things for the country’s needs,” she says. Zetzsche agrees that finding the right regulation is a “collective-action problem and a coordination issue” among regulators and lawmakers.

#### The future

Yet there is already a risk Luxembourg’s neighbours could move on their own. A French initia-

tive – the *dispositif d’enregistrement électronique partagé pour les titres financiers*, dubbed DEEP – is already looking to make it “legit” to keep assets in a blockchain, according to Kratz. “A good set of laws that brings new companies, where banks would be managed at a cheap price on the blockchain ... a lot of the business of banks will go from Luxembourg to France,” he says.

He says it’s difficult to predict what will happen in the future or point to one cryptocurrency or another, but he says he is confident some will remain. “There will be winners and losers, and one of them will be the Google or Amazon of crypto-assets,” he says.

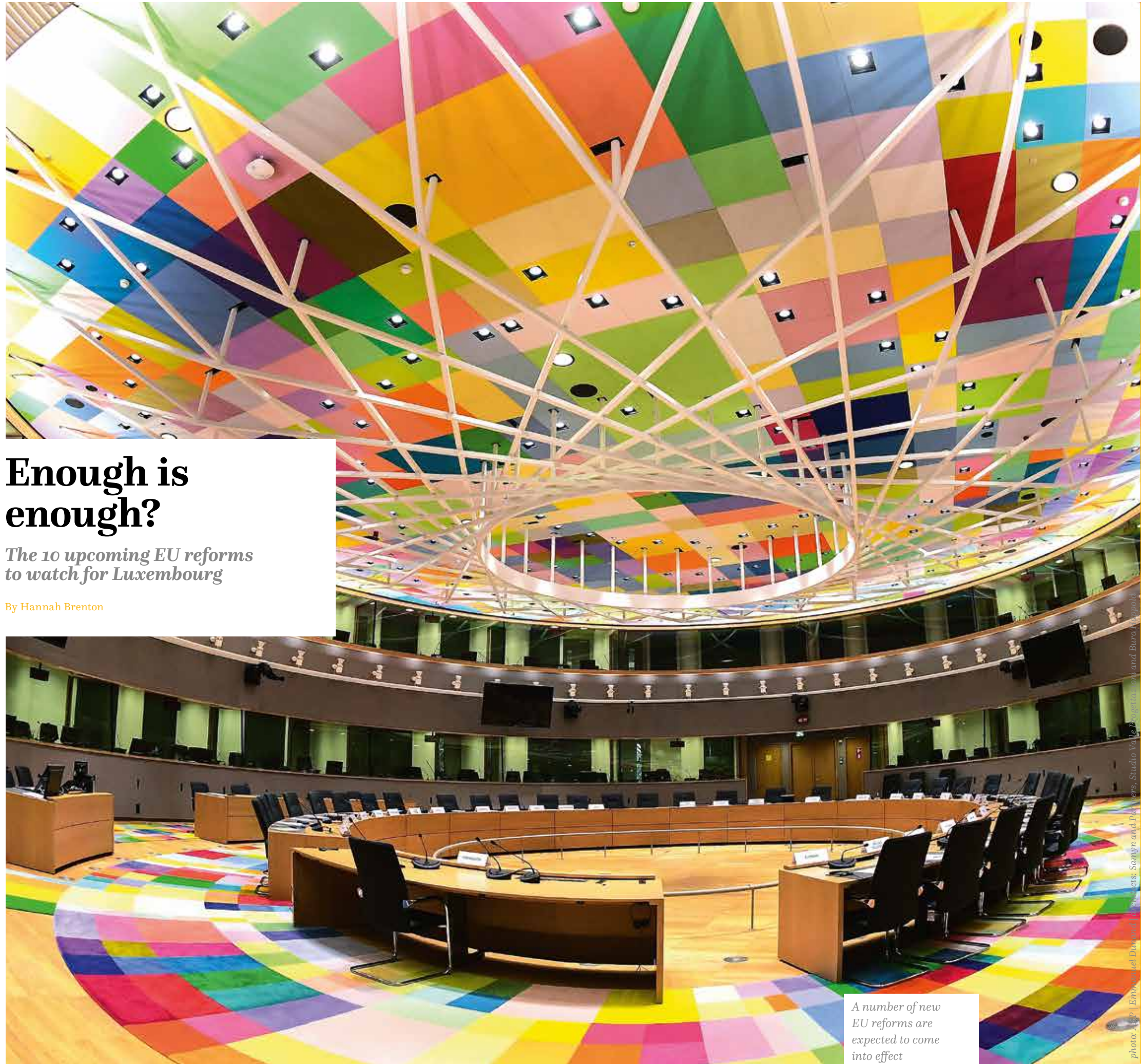
The LHoFT’s Allaert likens the crypto-asset market to the “beginning of the capital market”. She says: “They are launching really well, there is a real craze about it, but, at one point, they will start to regulate themselves because they want to be credible, to bring something to the financial industry or to the technology world ... they have no other possibility but to have a little bit of regulation.”

**Karen O’Sullivan** is the head of innovation, payments, market infrastructures and governance at the CSSF



photo: Pierre Margé





# Enough is enough?

*The 10 upcoming EU reforms to watch for Luxembourg*

By Hannah Brenton

A number of new EU reforms are expected to come into effect

European Union reforms can be a double-edged sword for Luxembourg. The country’s international outward-facing finance centre thrives on EU-wide rules – yet, in the wake of both the financial crisis and the LuxLeaks scandal, some changes have been harder to swallow. Asset managers, banks, insurers, law firms, auditors and other advisory firms have all grappled with waves of new regulation – including the introduction earlier this year of MiFID II and GDPR. Yet there could be more to come. With less than a year before EU Parliament elections in May 2019, the clock is ticking for European legislators to complete any unfinished business.

*“They will want to finish all the projects that are open before the recess of the Parliament and the Commission – that will happen by the end of April,”* says Benoit Sauvage, senior manager at Deloitte Tax & Consulting.

New rules on sustainable finance, a revamp of European regulators’ powers, a tax on digital giants’ revenues and a corporate tax overhaul all remain on the table. For fund managers, a change to fund marketing rules across the EU and plans to set up pan-European pension products could have a big impact – potentially for the better – while a review of the directive governing alternative investments funds is also on the horizon.

*“More and more, especially with Brexit, you have alternative asset managers coming to Luxembourg – so whatever happens in that space is going to have an impact,”* says Charles Muller, a fund industry expert who runs his own legal practice.

EU directives that have already been agreed in Brussels also pose a challenge for businesses. In particular, anti-tax avoidance rules that will come into effect next year could push up effective corporate tax rates in the Grand Duchy. Intermediaries like consultants are also already grappling with new tax disclosure requirements, while insurers are preparing for the imminent introduction of tougher transparency rules.

While some initiatives may fall by the wayside, some may be subject to a final push in the months to come.

*“I hope we have come to the end of the cycle now because you cannot continue to balloon the rulebook beyond a certain level before it becomes really destructive,”* adds Wim Piot, tax leader at PwC Luxembourg. *“We have had enough of it.”*

photo: AFP | Emmanuel Dineen | Photos: Samyn and Partners, Studio Velle, Dierckx and Bureau Veritas



## AIFMD

The European Commission is set to review the Alternative Investment Fund Management Directive (AIFMD). Five years after the legal act came into force, KPMG is in the process of carrying out a survey for the EU's executive arm to assess if the directive needs reform. Any changes for alternative funds – property, private equity, debt – would hit a key section of Luxembourg's fund industry.

## BEPS/ATAD/MLI

Companies could face a huge jump in their tax bills come 2019 when EU anti-tax avoidance (ATAD) rules take effect in the Grand Duchy. Luxembourg's tax code allows for deductions that can lower a company's rate well below the headline rate of 26% – but now no longer apply. At the same time, Luxembourg is in the process of passing a bill on the Multilateral Instrument (MLI) – which would update all its tax treaties in one go to bring them up-to-date with the OECD's Base Erosion and Profit Shifting (BEPS).

## Digital tax

The EU's eye-catching proposals to tax tech giants caused a stir earlier this year. A short-term fix would impose a 3% charge on their revenues. A longer-term fix would tie in with broader corporate tax reform. Both aim to tax digital companies where their profits are generated, even if they have no physical presence in the country. Luxembourg does not believe in an EU-only solution – and other countries have opposed the short-term fix.

## ESMA

Luxembourg's government and fund industry have pushed back hard against EU plans to scale up the influence and oversight of EU-wide watchdog the European Securities and Markets Authority (ESMA). Under the proposal, ESMA would be given more powers over cross-border finance, including the use of delegation by fund managers – which is commonplace in Luxembourg to outsource activities like investment management. The success of the initiative could come down to Austria: the country holds the rotating presidency of the Council of the European Union until year-end.

## Pan-European pension product

Under discussion for some time, the pan-European personal pension product (PEPP) would be a voluntary pension individuals could contribute to in any EU member state. It would have a series of standard features and could be offered by insurance companies, banks, occupational pension funds, investment firms and asset managers. However, political progress has been slow, and there are doubts it will be agreed before the end of the Commission.

## Insurance distribution directive

Perhaps the most imminent reform is the insurance distribution directive, which takes effect on 1 October. It regulates the way insurance products are sold requiring standardised information to be disclosed to the consumer and greater transparency on costs and fees – not unlike MiFID II requirements for banks. The rules could be a game-changer for Luxembourg's life insurance industry.

## Fund marketing

The Commission proposed a major shake-up of how investment funds are sold cross-border within the EU back in March. Under the plan, the myriad different rules on marketing across the bloc would be harmonised – making it easier to distribute funds into multiple countries. However, the Association for the Luxembourg Fund Industry (ALFI) warned the proposal would not do enough to remove barriers.

## Sustainable finance

EU efforts to promote sustainable finance and combat climate change could have a long-term impact on the development of the nascent green finance industry in Luxembourg. The Commission outlined environmental standards earlier this year – moving away from a voluntary approach – such as a detailed classification system for sustainable activities, EU labels on green financial products, and more consistency on investors' disclosures on environmental social and governance factors.

## Intermediaries

As part of the EU crackdown on tax avoidance, 'tax intermediaries' must now report certain cross-border financial schemes to national authorities. While the reform was only passed this year and comes into effect in 2020, any transaction dating from 25 June will be affected – meaning advisers, accountants, lawyers and consultants should already be keeping tabs on transactions with certain "hallmarks", such as cross-border losses used to reduce tax liability.

## CCCTB

The ambitious Common Consolidated Corporate Tax Base (CCCTB) would overhaul corporate tax across the EU. Under the plan, which passed the European Parliament in March, multi-nationals would calculate their tax bills by adding up the profits and losses of all their companies across EU member states. The resulting tax would then be "shared" among countries where profits were generated. The longer-term digital tax could be integrated into this wider reform. However, an earlier version stalled at the EU Council – where tax changes require unanimous consent.

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## The EU's Digital Services Tax: Lessons from 2003

*Rick Minor sees value in business support of the European Commission's controversial tax*

The public perception is well-established now that international rules are unfit when it comes to taxing digital companies such as Amazon, Google or Apple in Europe. In light of this consensus, the European Commission published in March three significant proposals to advance the global policy debate on this issue. Included among these proposals is the so-called Digital Services Tax (DST).

According to the proposal, the DST would be a tax on gross revenue, imposed at a 3% rate on certain categories of income earned in the EU by companies that meet fairly large revenue thresholds globally and in the EU. Brussels has said it considers the DST an "interim" solution to collect some tax revenue from the digital sector until new international rules can be proposed and adopted by members of the Organisation for Economic Co-operation and Development (OECD). Austria, which holds the rotating European Council presidency, has pledged to get EU member states to agree to the DST proposal during its term through the end of this year.

A handful of member states – including Luxembourg – have resisted this type of tax in principle, at least until global consensus can be reached on the open policy options now under OECD consideration as part of its ongoing BEPS project. The OECD will not deliver its recommendations before 2020, however, well past the end of the Juncker Commission's term. This timing may well be another reason the Juncker Commission is striving to pass some form of DST legislation before the end of this year.

Another aspect at odds with the EU proposal is the opposition of the US government, which is obliged to represent the US tech sector. The US is a meaningful stakeholder in the OECD's digital tax policy project, but it is clearly not a direct stakeholder in the EU legislative process.

Some of the smaller EU states are worried the implementation and administrative costs for a

digital tax would outweigh any revenues generated. Many opponents point to the possibility that it will violate treaty obligations, while others simply oppose any 'new' tax on business.

Interestingly, neither member-state tax authorities nor the Commission consider VAT revenue generated on electronically supplied services in the EU as relevant to the digital-tax policy debate. Both US and European groups began to pay VAT on electronically provided services sold to EU consumers in 2003. The few US businesses selling into the EU bloc at that time, such as AOL, were

put into the position of having to absorb or 'eat' the cost of the VAT, at least initially, to remain price-competitive with their European rivals.

The loss in revenue for these suppliers, due to the added cost of the VAT, was double digit. The economic impact of a VAT on digital services then was significant, especially for the US suppliers. The additional VAT cost, as much as possible, was eventually passed on to the consumer, and the real beneficiaries were member state treasuries.

In contrast, the DST, given its relatively small percentage, is unlikely to have such a disruptive impact on digital business models. As a consequence, there may be some member states – and even one or more impacted companies – that will withdraw opposition and let the DST process run its course. Indeed, there may be even some public policy benefit for those companies that decide to support the DST publicly.

A corporate first-mover on the DST could establish itself as a legitimate contributor to the greater and more significant digital tax project. There is precedent in US corporate strategy with the launch of the 2003 VAT regime on electronically supplied services. US groups were motivated to expand in the EU, and that, in turn, created a meaningful boost to member state economies, which allowed these business models to grow at a quicker pace than any normal evolution.

*'A handful of member states, including Luxembourg, have resisted this type of tax in principle'*



**Rick Minor** is the former head of tax and government affairs at AOL Europe in Luxembourg. He became an adviser to the government of Jean-Claude Juncker and is a member of the OECD tax technical advisory group  
Photo: Anita Dore



# Insurers in Luxembourg hit Brexit stumbling block

*EU regulators outside of the Grand Duchy request more detail on passporting locations*

By Hannah Brenton

Insurers moving to Luxembourg ahead of Britain's departure from the European Union (EU) have hit an unexpected stumbling block that could complicate their ability to sell services across the bloc. The *Luxembourg Times* understands that a number of EU regulators outside the Grand Duchy have asked insurance firms to specify where services will be passported from in the future. The requirement is an additional administrative burden for insurers seeking to run their EU business from a Luxembourg head office coupled with a European branch network.

"It's an additional stone they have put in the path for Brexiters to make their lives a little bit harder," says Marc Voncken, insurance partner at PwC Luxembourg. A growing list of specialty insurers have chosen to establish new EU headquarters in the Grand Duchy to prepare for a loss of passporting rights from London. The insurance firms will rely on EU rules called the 'free provision of services' to continue to sell their wares into other countries. However, Voncken says some EU regulators have been "a bit pinchy or picky" by requiring firms to spell out in a notification exactly which branch or office will be involved in providing services. "It's an additional layer that is not foreseen within the [EU] directive," he adds. "I suspect they want to ensure that it's not a way to come across to avoid Brexit and [do] everything out of London instead of the other branch."

## Luxembourg set-ups

Insurers in the process of establishing new offices in Luxembourg have been taken aback. US property specialist FM Global, one of the early movers after the Brexit vote, was caught "completely by surprise" when regulators in Spain and Iceland asked for more information. "The regulators in those two countries said we had to make specific applications to allow us to passport from each of our branches," says Chris

Johnson, executive vice-president. "We'd never been asked that before in the whole history of passporting from the branches of our UK subsidiary." The property insurer decided to contact every regulator in the European Economic Area to get "express permission to passport" to prevent any further hiccups.

However, Claude Wirion, the head of Luxembourg's insurance regulator, the Commissariat aux Assurances, denied in an email that there are any "additional requirements" for relocating insurers. "Free provision of services can be carried out either directly from the head office or from a branch situated in another EU member state," writes Wirion. "The notification must enumerate the different locations from which free provision of services is to be carried out." Yet he adds that other countries cannot require extra permissions for passporting – whether it be through free provision of services or freedom of establishment.

## Jumping through hoops

While the demand for more detail from some regulators is not an out-and-out block to insurers selling their services, it echoes concerns from fund managers on delegation. Luxembourg's fund industry has raised concerns that delegation – which

is used to outsource activities like portfolio management to other financial centres – is attracting unwarranted attention from EU-wide regulators due to Brexit. The European Securities and Markets Authority warned national regulators in July last year to exercise greater scrutiny over delegation to countries outside the EU – which would include the UK come 2019.

There are similar worries insurers are being asked to jump through extra hoops to put pressure on Luxembourg set-ups. Paul Mousel, founding partner at law firm Arendt & Medernach, says some regulators are demanding 'free provision of services' be provided directly from the head office. "There are some insurance regulators in host

countries who say if there is provision of services it can only be done by employees coming from head office," he says, pointing to the Danish, German and Polish watchdogs. "There seems to be no common understanding between the insurance regulators."

As Luxembourg head offices tend to be slim outfits with a large branch network, demands for more staff could threaten the model. "Either they have to bring more staff into Luxembourg or more staff into their branches in the other EU countries, or open even further branches," says Mousel. Many insurers are still keen to use their UK workforce after Brexit for European operations in some regard, he adds, but this will ultimately come down to the outcome of the fraught political negotiations.

*Requirement adds extra administrative burden for insurers*

*"We'd never been asked that before in the whole history of passporting from the branches of our UK subsidiary"*

photo: Gerry Huberty



# EU institutions - workers post-Brexit

***British nationals on permanent and fixed-term contracts at EU institutions are left in limbo over their jobs after the UK withdraws from the European Union***

By Heledd Pritchard

Many of the EU institutions are based in the Kirchberg area of Luxembourg

With just six months to go until the UK is expected to leave the European Union (EU), thousands of people remain uncertain about their futures post-Brexit. For those working at European institutions, being a national of a member state is a criterion for employment, which leaves British citizens in limbo about what the future holds for their careers after 29 March next year. Some of the institutions in Luxembourg have held meetings with their British staff in an attempt to offer reassurances. But questions remain, and employees are still seeking clarity on several contract-related issues.

## Permanent staff

Staff regulations for EU officials state that an official may be required to resign if he or she does not fulfil the condition of being a citizen of one of the EU member states. But the European Commission, which employs 900 British staff, has said it will not use its discretionary power to request that British officials resign, except “in specific cases such as conflicts of interest or international obligations”.

The European Parliament has confirmed it will not dismiss any officials on the grounds of nationality and said it “wants to continue to offer them meaningful career perspectives”.

A spokeswoman said the Parliament’s Bureau – consisting of the president, all 14 vice-presidents and the five quaestors – are “against dismissing UK officials on

the sole ground that they are no longer EU nationals”.

The EIB stated that – assuming a withdrawal agreement is reached – it “intends to preserve the rights of its British staff members on permanent contracts”.

According to Catherine Barnard, a professor of EU law at the University of Cambridge, “exceptions” are likely to gravitate around a certain expertise others might lack, or specific skills required to work on a given project. She confirmed rules on termination would be governed by staff regulations as well as EU law.

## Fixed-term contracts

Rules and conditions vary according to contract types, and many employees are hired within the institutions as contractual or temporary staff.

At the European Parliament, assistants to UK MEPs will see their contracts terminated at the end of the month when Brexit becomes effective – making 31 March next year their last day. But contracts of British nationals working for non-UK MEPs will also end “unless exceptions are decided on a case-by-case basis and in the interest of the service”, a spokeswoman for the parliament confirmed.

European Parliament rules outline that fixed-term contracts will come to an end, but exceptions can be made. The spokeswoman added that, as a matter of principle, an extension of a contract will never be denied on the sole ground of nationality. For those working in political groups, an assessment will be carried out to determine whether an exception should be authorised.

At the Commission, the Conditions of Employment of Other Servants of the Union (CEOS) states that fixed-term contracts will end if the employee is no longer a national of a member state unless a derogation is granted. According to the Commission, exceptions to the nationality requirement would be “considered generously and transparently”. British staff on fixed-term contracts at the EIB will be able to serve

out their contracts, even if the end date is post-Brexit. Depending on the agreement reached and in line with decisions taken by other institutions, the bank may extend or convert fixed-term contracts of British staff using the same criteria as for staff with EU nationality.

## Nationality

Some British staff have raised the question of whether gaining another nationality could guarantee them job security amid the uncertainty surrounding Brexit.

Last year the Luxembourg government relaxed the nationality law, making it easier to become a Luxembourgish citizen.

But a number of EU institution staff are concerned that becoming Luxembourgish would deprive them of their rights to the expat allowance of up to 16% on their salaries. A spokeswoman for the European Court of Justice (ECJ) said staff’s expat allowance “could, in some circumstances, be removed – but not necessarily”.

The expat allowance is dependent not only on nationality but also on the country the employee worked prior to being recruited and whether a relocation was necessary. The ECJ confirmed that, if any EU institution terminates an employee’s contract as a result of Brexit, the decision could be legally challenged before the court.

Professor Barnard said the only precedent addressing such staff concerns involved employees from Norway. “There were a number of Norwegian staff working for the EU institutions in preparation for the Norwegian accession, and then, of course, it didn’t happen, and a number still stayed on,” she said.

photo: Pierre Matgé



# ‘We have done our homework’

by the opening of new state-run international schools, which bring direct competition for teacher recruitment and retention.

The Luxembourgish system has, meanwhile, been confronted with a major shortage of primary school teachers, attributed primarily to the stringent evaluation process candidates must go through to be recruited for the role.

*“We had to be careful not to recruit many teachers from one school because that would put them in a difficult situation”*



## An English-language section for primary and secondary opens its doors for the first time in September

By Heledd Pritchard

Primary school teachers at the English section of the new state-run international school in Junglinster are all native speakers – many having moved from Luxembourg’s European School and international schools.

Lënster Lycée is one of three schools across the country opening a fee-free international section for the first time this year as part of the Education Ministry’s initiative to expand Luxembourg’s educational offer.

The school in Junglinster has an English and a German section for primary and secondary pupils and is an accredited European School, meaning it follows the European curriculum.

In an interview with the *Luxembourg Times*, the school’s director Tom Nober confirms all the main classroom teachers throughout the English-language primary school are native speakers.

Teacher recruitment has recently become a burning issue within Luxembourg’s national system and at the European School in Kirchberg and Mamer.

The European School is facing a continuous battle to recruit native English teachers to its anglophone section – an issue which is expected to be accentuated

### Key teachers

Nober said teachers at Lënster Lycée’s English section had been recruited from the European School, from other international schools in Luxembourg, from abroad and from the Luxembourgish system where they had been working as English teachers.

“We had to be careful not to recruit many teachers from one school because that would put them in a difficult situation,” he says. “We tried to be fair and recruit from different schools.”

Nober says the school is now equipped with a number of teachers who “know the system”.

“The ones who have been working in the European School have of course been teaching the European curriculum,” he adds.

“We have some key teachers from European Schools who we could recruit, such as secondary and primary school coordinators, and we’re very lucky about that. We have done our homework.”

Newly recruited teachers are employed on a state employee contract – except for those previously on a civil servant contract at a Luxembourgish school who will stay on their existing contract.

The salaries are attractive in comparison with the salary scale for teachers seconded from EU member states to a position within the European School system.

All teachers at the international section of Lënster Lycée must have five years’ experience and a B2 level of proficiency in one of Luxembourg’s three administrative languages.

### Plans for nursery school

The English-language section was initially set to start with two classes – first year of primary and first year of secondary. But, due to high demand, the school extended its offer across all primary school years and added a second class for the first year of primary and secondary.

The German section – which also has native-speaking teachers – will have two classes for first year of secondary but there are no plans yet to extend its primary section beyond the first year.

The school also has a daycare centre – a *maison relais* – and discussions are now under way to open a nursery school on site, with the earliest possible opening date of September 2019.

**Lënster Lycée**  
*also plans to open a nursery school*



Each primary and secondary class has a maximum capacity of 20 pupils, but the school sets aside a few spaces in each year class for children arriving from abroad during the summer.

"We always leave some spots open for people coming from abroad because if they come in September their children have to go to a school," Nober says. "If someone comes from abroad and comes from the UK, for example, the child has to follow a curriculum in English."

As part of the entry process the school considers whether the international section at Lënster Lycée is the option best-suited to that child and advises parents on alternatives, such as another location closer to their home, a different language section or another educational system or school.

"If parents work for an EU institution, they have priority for the European School in Kirchberg or Mamer, so we would send them there first to leave spots open for students who couldn't go to the European School," Nober says.

#### Bringing pupils together

One of the main aims of the Education Ministry in creating state-run international sections was to build a connection between pupils attending a specific language section and those within the national system.

In the national system, pupils are taught mostly in German in primary school before switching to French as the main language halfway through secondary.

Nober insists the intention is to build one campus and not two separate schools placed under the same roof.

***"It's important to bring the international section together with the national system"***

"I think it's very important not to open an international school by itself but to bring it together with the national system," he adds. "That gives pupils a lot of opportunities."

One issue that has dominated the international school debate is that of social cohesion and exposure to Luxembourg's official languages.

All pupils at Lënster Lycée's international section will have two hours of Luxembourgish lessons every week, covering language and culture.

They will also take part in some classes, such as physical education, together with pupils from the national section, where the language of instruction for those activities is Luxembourgish.

Some parents have voiced concerns over the level of Luxembourgish pupils will attain through an international system – should they, in future, apply for a job that requires the language. According to Nober, social cohesion and pupils' ability to work in the national language when

**Tom Nober**  
director of  
Lënster Lycée



photo: Guy Jallay

they reach the labour market will not be at risk if the child has absorbed the language from an early age and uses it regularly.

"Here they are confronted every day with other students speaking Luxembourgish, and if they are playing outside in the recreational area and are speaking Luxembourgish, they will learn the language quickly," he says.

"Just giving them two hours per week of lessons wouldn't be enough, they have to practice it in everyday situations and that is a given here because we have those connections to the local schooling system."

#### Switching between systems

Another element Nober says is important to the school and the Education Ministry is the possibility of switching between the international and national systems.

He confirms it is possible to switch to the Luxembourgish system in secondary school if the pupil has a good enough grasp of French or German and if the school and parents believe it is in the best interests of the child.

According to the director, a number of parents express interest in the school because they want their children to go to the same school as friends from their neighbourhood or want them to attend a local school and make friends with children outside the international community. "I want it to be one school with a national Luxembourgish department and an international department, and that's the main challenge," he says.

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# English-language education

*The Luxembourg Times speaks to a representative from each existing English-language school to find out more about its processes, approach to teaching and pupils' options*

By Hledd Pritchard

While Luxembourg's education system is renowned for its multilingualism, with pupils ending their school years with proficiency in Luxembourgish, French and German as well as knowledge of English, there is now a growing offer of English-language education.

Across the country, private and public international schools offer the international, European or English curriculums and range from nursery years to the final year of secondary.

The government has put measures in place to expand its fee-free schooling options in English, opening an international section at Lycée Michel Lucius in Luxembourg City and at the International School of Differdange in the south west of the country.

From September, two new English-language sections open their doors for the first time – in Junglinster and Mondorf-les-Bains.

## International School Michel Lucius

*What are the entry requirements and how does the selection process work?*

We carefully review each application, focusing on the child's educational background, the family's motivations for joining our school and the pupil's aspirations and possible career plans. This review process is undertaken to ensure the needs of the families joining our school can be met. Alongside the child's educational background, the length of their stay in Luxembourg is also a relevant factor. We may be the best option for a child who has just arrived in Luxembourg with no prior knowledge of Luxembourg's school languages. Similarly, families looking for internationally recognised school qualifications, taught in English with flexible options for studying other languages, may also be well suited to our school. But students wishing to focus their studies on French and German with extensive exposure to Luxembourgish may not be well suited to our programme. We can't have a UK curriculum and also have the languages of the Luxembourgish system taught at the same level.

*What level of English does the child need before starting?*

The required level depends on the point of entry. The older the children, the more important it is they have a strong command of the language. We can enrol children who are not fluent speakers or who have little command of English. In these cases, we can put measures in place, allowing them to develop the language, access the curriculum, integrate into the community and work with their peers. We operate based on an immersion model, where pupils are fully exposed to the language. We also offer English as an additional language support for selected children. We do some





language testing for older applicants to ensure we are the right choice for them, especially when they are looking at joining our A-level programme.

*What is the policy for children joining the school after spending previous years in a different system in Luxembourg or abroad?*

There are some moments when it’s more difficult – mid-programme entry higher up in secondary school, such as GCSE or A-level. It depends on the child’s previous programme, the options they choose, when they apply and how much preparation they need to be ready.

**Ecole Internationale de Differdange**

*What level of English does the child need to have before starting?*

The pupil needs to be able to understand the teacher and interact with classmates. We have welcome classes [*classes d’accueil*], which is a year-long, intensive language class for those who need extra English lessons or need to learn a second language.

*Is there a priority system if demand exceeds classroom capacity?*

There is no selection process in the English section at the moment because we have space at all levels. But if we have too many applications, priority is given to those who enrolled during the inscription period in March, second priority to those living close to the school and third priority on parents’ reasons for needing an international school.

*Is there a school canteen and after-school care?*

Yes, there is a canteen. In primary, we open the school at 6.30am until 7pm, and there is a *maison relais* in the building. For secondary, the school opens at 7am until 6pm. There are activities, and children can do their homework. We have teachers there to help with homework until 5pm.

*Is there school transport?*

For primary, there is no school transport. We have a collaboration with Sales Lentz, which offers a door-to-door service in taxis and costs around €230 per month per child. It’s a standard price for the whole country. Secondary pupils can use public transport for free with their school card.

**European School**

*What are the choices of foreign languages?*

For those at the English section, the choice of first foreign language (called L2) is French or German. The chosen L2 starts in primary school as a language class. From the fourth year of secondary school, humanities subjects, economics and religious education are

taught in that L2 language. Students pick up a further language (called L3) from the first year of secondary, and the choice is, in general, French, German, Italian and Spanish. They may take a fourth language in fourth year of secondary.

*What support structures do you have for students with learning difficulties?*

We have a very broad support system for students who have special needs in terms of catching up, students who have problems in some subjects, and special support is also given to students with learning difficulties like dyslexia or dyspraxia. It can be one-on-one sessions or in a small group of four or five students. All support lessons are given in addition to the year class, by teachers or support teachers we hire from outside, during school time. Sometimes they are done during gaps in the timetable, and it’s very tailor-made. In exceptional situations, we also have assistants to accompany students during their lessons, when necessary. This applies to the whole system, in primary and secondary. We also have a support coordinator in charge of support for each cycle.

*Is there anything in place for very gifted students to push them further?*

We participate in the Olympiades Luxembourgaises, and we have other competitions where they can show their talents. We generally take part in the European Schools Science Symposium and it’s a great opportunity for students who are gifted in sciences to show their talent. We are also working on possibilities for gifted students, to give them support, to give them an additional boost. Teachers in the classroom must differentiate according to the situation in the class, and sometimes they have very advanced students so they give them additional work. The students provide help to less advanced students, or they can choose during their break time to take part in activities that will push them further, like maths or chess to help with logical thinking.

**International School of Luxembourg (ISL)**

*Is there a priority system if demand exceeds classroom capacity?*

We have a waiting pool, and students coming from outside Luxembourg in need of an English-speaking education are the priority.

*How do you prepare and guide students for academic choices that will define their options later in life?*

We have career counsellors and heads of programme who meet with parents and pupils individually and walk them through the choices they might like to make. We also have three college coun-

sellors who are full time working with students on where they might want to go and what course they might want to take. We try to get some idea of what their interests are and what they are definitely not interested in and make sure the choices they make don’t close any doors for them.

*How are they prepared for university?*

Our school, right from the day students enter, has an inquiry-based approach to learning. Because of this approach, right from the beginning, students are learning to research for themselves, students are developing their own projects. A lot of classroom teaching is discussion-based, so it’s not lecture time all the time, where students just repeat what they learn. Most of the students who come back say they felt well prepared for university. Part of the International Baccalaureate Diploma Programme (IBDP) course is Theory of Knowledge, which is very much critical thinking. It’s about questioning the norm, what could be different. Is what you see on the surface? What is it about underneath? So, it is deeper learning we are encouraging our students to do right from primary school. By the time they go to university, they have had to write a 4,000-word research essay on a subject they had to decide on as part of the International Baccalaureate (IB) so they have had a mini-dissertation before they go to university.

**St George’s International School**

*How many teachers are native speakers?*

All class teachers from reception to sixth form are native English speakers. We have one non-mother-tongue subject teacher in secondary. Language teachers are all language mother tongue.

*How much homework is there?*

We see homework as quite important because it’s not simply work that’s done at home – it’s set to reinforce material that has been covered in class, and it’s set in a way that allows us to check that the knowledge has been understood. A lot of what we set is on-line now. What we don’t like to see is parents helping students with their homework – it needs to be their own work to allow us to pick up on particular issues or difficulties that student might have. At A-level, they should do more or less the same again in independent study as they are being taught, so you’re looking at roughly 50 hours a week they should be spending on school-related work.

*How do you expose them to different career paths?*

We do a lot of careers advice, starting from Year 7 and we use a bespoke careers programme, Fast



Tomato. We do an online curriculum questionnaire and students get suggestions back. In Years 11 and 12, we bring career guidance professionals over from the UK. It's about finding out what general areas they are interested in and what subjects are needed. We help students make an informed choice, well in advance of their A-level choices. Careers nowadays are not linear, and, if you look at how career paths develop, we have no idea as a society where current graduates will be in five years' time. It's more a question of saying how can you inculcate into students this intellectual curiosity, the brightness in terms of ambition. We want our students to be ambitious. They must be proud of their achievements and they have to be hard working. But, equally, they need to show compassion and be able to work empathetically with other students. It is fine to be academically bright but, to be successful, you have to be collaborative and work as part of a team, so you need all sorts of social and interpersonal skills.

**Athénée de Luxembourg**

*How are pupils prepared for university?*

The International Baccalaureate (IB) is a two-year programme where students become independent and autonomous and learn how to do research, reflection and critical thinking. They have a lot of work that needs to be handed in and they must prove they know how to apply knowledge and not just be spoon-fed. Students write an extended essay of 4,000 words and can choose in which subject they write it out of the six subjects they are studying for their diploma programme. They must also do something called CAS (Creativity, Activity and Service) outside of school hours. They need to be involved on a weekly basis in experiences either in a creative or sports activity or in services, helping the community. Many universities are looking for students who can prove they have participated in a variety of extra-curricular activities. Academic knowledge is not everything today.

*What is the policy for children joining the school after spending previous years at a different system in Luxembourg or abroad?*

All children joining our international programme will have received previous schooling elsewhere and be new to the system and teaching approaches. We certainly allow for a settling-in period for new classes and individual students so they can familiarise themselves with the requirements and environment.

*How do you expose them to different career paths?*

The school offers many opportunities where students can get in touch with different career paths. Once a year on a Saturday morning, we have a *matinée d'orientation*, where we invite people from different work areas who present their jobs during workshops. We also organise several conferences, with people coming to present the types of jobs you can do in their field – for example, law, finance, the arts, etc. Students can also do internships during carnival and Easter break.

**Over The Rainbow International School**

*What are the entry requirements and how does the selection process work?*

When we receive the application form and we have spaces, we look at the nationality and give priority to those who are English native speakers. Then we look at applications from non-native speakers. In total, we have 46 different nationalities.

*What level of English does the child need to have before starting?*

We do accept non-English-speaking children in the English section. It's preferable to be able to speak English, but some children don't have any English. The same is valid for the enrolment in the French-speaking section.

*How many teachers are native speakers?*

All teachers are native speakers of the language section they teach in, and, in the English section, they come mainly from outside Europe. We have American, Australian and South African teachers.

*What are the choices of foreign languages?*

In the nursery section, the teacher is English-speaking, and the class assistant is French-speaking, so they already hear the other language from an early age. They start French lessons in the first year of primary and a third language from first year of secondary. If a pupil already speaks French, the third language will be German. We offer Luxembourgish after school.

*A full interview with each school can be found on [www.luxtimes.lu](http://www.luxtimes.lu)*

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## Corporate academies: A new strategic asset?

By Marc Auxenfans

In the face of unrelenting regulatory and digital change, Luxembourg's companies – whose workers are in continual need of new skills – find themselves forced to reorganise their training programmes to better adapt to market and client needs. The objective: To be more responsive and agile when grappling with these major issues, which could put at risk their competitiveness and even survival.

For many of the Grand Duchy's larger companies, the solution has been to establish training facilities of their own. Some of these programmes are deemed 'academies', others are called 'universities', but whatever they are named, they all offer unique, comprehensive training programmes dedicated to their own staff and clients.

The goal is to improve workers' personal and social skills

and, most importantly, train them to meet one-off or longer-term needs, whether they be business or regulation-related. These programmes, in the never-ending battle to attract and retain talent, can also serve to set one company apart from its competitors.

Some programmes are brand new, such as the BIL Academy, designed to meet the bank's specific needs as

closely as possible. Launched at the beginning of the year, the academy serves more than 2,000 employees in Luxembourg and abroad. A first pilot project dedicated to retail and digital banking was set up in February. The programme, which will host 350 people until December, is mainly offered by internal trainers. In a next step, however, it will be extended to all business lines.

"Our employees need to be continually up-to-date with regulation on products, sales behaviour and markets," says Iliès Haddadji, human resources development officer. "Hence, BIL Academy aims to organise this ongoing training process in a pleasant and convivial atmosphere."

Aurélié Antunes, Haddadji's colleague at BIL, adds: "It is also a link in the value chain that BIL offers to its customers, to serve them even better. A very advanced in-service training is nowadays necessary to continue to serve our clients in an ever-changing environment."

For these purposes, BIL provides more than 50,000 hours of training each year to its staff at a cost of more than €1.5 million. With the BIL Academy, the bank seeks to ensure a high level of skills and ongoing development through a recognised certification process.

photo: Pierre Maigé

**Aurélié Antunes**  
HR development officer,  
Banque Internationale  
à Luxembourg



“The banking sector of tomorrow will require even more skilled people than today because digitalisation will make today’s manual activities automated tomorrow,” says Haddadji. “The remaining activities with high added value will be those that humans only – not machines – will be able to perform.”

#### A raison d'être

PwC's Academy, launched in 2001, employs 15 full-time people under the direction of Carole Houpert. The training programme, unlike BIL's, aims to serve the clients of the multinational professional services network exclusively.

“Ninety-eight percent of our business is dedicated to PwC customers,” Houpert says. “We support them in providing training on business and regulation issues, as well as on personal and professional development. Together with our in-house experts, we combine field expertise, which customers come to look for, beyond theory, to put new standards into practice.”

PwC's Academy also draws on external expertise, she says. “The objective is to provide clients with experts who benefit from knowledge of a subject and a recognised professional experience in the field, such as a manager in the financial or hospital sectors.” Indeed, the Academy has even been positioned as a fourth pillar of business activity at PwC, along with accounting, insurance and tax consulting services.

Houpert says the remaining 2% of the Academy's training activity is dedicated to PwC's staff – internal training

sessions aiming mostly to support skill development for the group's managers, directors and associates. “We intervene here as a service provider for PwC, with a programme that meets the needs of this particular staff,” she says. “However, once we test and launch it, we then adapt it for our clients.”

For the latter, PwC's Academy has a dual mission. “Our training services to clients is a business line within the group,” Houpert says. “It is also a showcase of our expertise and know-how. We therefore consider it a strategic business asset and a part of our *raison d'être*.”



“Our training service to clients is a business line within the group”

**Carole Houpert**  
director of product &  
development at PwC Academy

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# Luxembourg castles you can visit

*Planning the perfect weekend  
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never been easier*

By Sarita Rao



**Bourscheid**  
is one of the oldest  
castles in Luxembourg

photo: Pierre Matgé

## Bourscheid

This triangular-shaped castle is one of the oldest in Luxembourg, with part of the site dating back to Roman times. Perched 150 metres above the River Sûre, only the main tower and inner walls remain today. When the last Lord Bourscheid died without descendants in 1512, the castle was divided into three living quarters. Legend tells that, during a siege, all that was left to eat within the castle walls was a cow and a sack of grain. The cunning castle dwellers fed the cow the grain and then butchered it, throwing its stomach over the castle walls. The army below, also tired and starving, saw the grain-filled stomach and retreated, thinking the people within must have several months of food if they could feed a cow.

Restoration work is still ongoing, but you can visit the castle from the beginning of April to mid-October from 9.30am to 6pm, and in the winter months from 11am to 4pm. Audio guides are available in seven languages including Luxembourgish, English, German, French, Dutch, Spanish and Russian. At night, the castle is illuminated, giving the surrounding countryside a magical glow.



photo: Guy Jolley

*Luxembourg positively abounds with castles, which mark the history of the country, from the Romanesque and Gothic periods down to the Baroque. Yet many of these castles are impossible to visit, as they are still in private hands. Others are undergoing renovation, while others still are now museums or restaurants. If you want to get inside a castle in Luxembourg, the question is, then, which ones can you actually still visit to get a slice of life in times gone by?*





Vianden

Romanesque in design with Gothic trimmings, Vianden Castle, probably Luxembourg’s best-known castle, was largely built between the 11th and 14th centuries. Over the years, the counts of Vianden always maintained close ties with the German Imperial Court, but, in 1820, the castle was sold to a rather unscrupulous spice merchant, who first offloaded the furniture before then selling the roof slates. He then began hawking the wood panels, windows and doors, piece by piece, until the building was little more than a ruin.

In 1890, it became the property of Grand Duke Adolphe and was given to the state by the Grand Ducal family in 1977, when detailed restoration work began.

You can visit the castle daily although visiting hours vary per month. The site – which is accessible by foot, or by cable car and later by foot – includes a cafe and a traditional tavern.

Useldange

This small village with a weir also houses Useldange Castle,

which dates to the 1100s. Entry is free, and the site – now mainly a ruin – is un-manned. A trail leads around the castle and inside the tower, where visitors can stop at 20 stations providing information on the castle’s history and local culture. A culinary itinerary gives information on local wildlife and the aromatic herb garden. Information panels are also provided in audio for partially sighted visitors. Useldange Castle is now being restored by the State of Luxembourg.

Beaufort

This medieval castle dates to the 11th century. It was built for the most part over four periods, latterly by Johann Baron de Beck, back when Luxembourg was governed by the king of Spain. In the early 19th century, it was used as a quarry, and, in 1928, work began to clear the castle and make it available to the public. The adjacent Renaissance château dates from 1649 and was inhabited until 2012, after which it was opened to the common people. You can visit it by guided tour Thursdays to Sundays, from 11am to 4pm, between April and November. You must register in advance to



take the tour, which includes a visit through the living rooms, garden and outdoor areas, including a former distillery. Visitors will also have the chance to taste the castle’s blackcurrant liqueur, Cassero, which is still produced on the site.

Luxembourg has around 50 listed castles – some fortresses, others homes

Esch-sur-Sûre

On an oxbow of the river and towering high above the lovely village of same name, this castle’s first tower is Romanesque and dates to 927, but most of its Gothic style was created in the 13th century. The 1.5-metre-thick ramparts were built as a defence for the town in the 15th century together with a watchtower.



Despite the decline of the castle from the 16th century onward, the rampart was not destroyed because private houses backed onto its walls, some of which are still standing. Today, only the ruins remain, lit at night to give it a fairy-tale look. You can visit the castle ruins free of charge and follow the legends circuit.

Larochette

Perched on a sandstone outcrop overlooking the village of Larochette, the castle bearing the same name is now mostly a ruin. The lords of Larochette were 12th-century standard-bearers for the House of Luxembourg. At one point, five families lived within the castle complex before it was burnt down at the end

of the 16th century. Inside the castle, a deep well is carved into the stone rock. Legend tells of a castle steward who was thrown down the well for his treachery. Every Good Friday, at the bottom of the well, he is transformed into a dragon, guarding the gold he took in payment for his betrayal.



You can visit the castle, if you dare, from April to the end of October between 10am and 6pm.

Valley of the Seven Castles

Legend has it that the devil walked through the valley of the River Eisch carrying a bag of seeds. The bag began to leak, and the seeds that fell out sprouted up to become full-blown castles. Although some, such as those in Koerich and Mersch, are now in ruin – and others, like Schoenfels, Hollenfels, Septfontaines and the two castles of Ansembourg, are not regularly open to the public – it is possible to hike a 32km footpath that meanders through the Eisch Valley and past all seven of the castles.



photos: Pierre Matgé, Guy Wolff

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Luxembourgers don’t think twice about shopping in Trier, just 50 minutes away by train. But if you prefer sightseeing, you won’t be disappointed. The Roman ruins including Porta Nigra, the amphitheatre, which presented gladiatorial contests and accommodated 20,000 spectators, and imperial Roman baths, plus a visit to the beautiful St Peter’s Cathedral, can be combined with the toy museum or City museum, and there are plenty of lovely cafes and restaurants if you need a break.

If you like a slower pace, why not head to Cochem (one hour 45 minutes, change at Trier), dominated by the 1,000-year-old Reichsburg? Take the chairlift to Pinnerkreuz lookout point. If that feels a bit too slow-paced, spice up the action with a visit to the nearby Freizeitpark Klotten, which combines an animal park including birds of prey, with thrill and family rides and a puppet theatre. It’s open from March to early November. If you’re an early riser, take the two-hour journey to Volkingen (change at Trier) to the fascinating World Cultural Heritage Site at the former ironworks. There’s a viewing platform at the blast furnace, a multi-media site to take you on a journey through time at the ironworks, and a picnic area at the old granulating area. You can take a tour via a coal track and across 7,000m of signposted walkways, visit the science centre or take in an art exhibition.

The main square ‘Hauptmarkt’  
in Trier (above)

Day trips by train  
from Luxembourg

*The Grand Duchy’s location makes it easy for short visits locally and to Germany, France, Belgium and beyond. Here are some great day-trip ideas by train*

By Sarita Rao

Who needs a car and the hassle of finding a parking spot when you can take the train to some wonderful destinations in the Greater Region and beyond? Discover northern Luxembourg, the Belgian Ardennes, the historical Roman towns of Germany and the buzzing cities of Alsace-Lorraine. Here’s our guide, with approximate travel times for a day-trip by train.

photo: Getty Images | Raghavendra Basrur



## In Belgium



In the heart of the Ardennes, Libramont is home to the Celtic Museum and just an hour from Luxembourg City by train. A small museum set over three floors displays crockery, jewellery and articles of everyday life from the 5th to 2nd centuries BC, discovered at Celtic tombs throughout the Belgian Ardennes region. The museum has games and activities for children, including a special audio guide featuring Eira, a 10-year-old Celtic girl.

Another great Ardennes destination by train (1.5 hours), Vielsalm is home to La Maison du Pays de Salm, an interactive museum focusing on the folklore and the legend of the witches of Vielsalm. You can also try out the Witches Walk (4.5km) to discover more about the region's unusual history.

If you get up early, you can catch the train to Coo and be there in less than two hours. Sports lovers will find ring-shaped Coo Lake brimming with water and adventure activities, and parents can treat the kids to a day at theme park Plopsa Coo.

**The Haute Fagnes area of Belgium**  
offers one of the most picturesque sceneries in the region

## In France



Sadly, the more rural parts of Alsace and Lorraine are not as well connected to Luxembourg as the cities. Spend a Saturday in Metz (40-50 minutes by train) and take in the Pompidou Centre, the city's famous Gothic cathedral and the archaeology and art museum complex.

In less than two hours, you can alight in the gold-leafed city of Nancy. Start at Place Stanislas, a UNESCO World Heritage Site, with its gilded wrought-iron gates and Rococo fountains and then take in the fine art museum, aquarium and natural history museum, or just relax in the Parc de la Pépinière, feed the deer and donkeys or try your hand at mini golf.

If you are missing the action of a capital city, remember Paris is only two hours and 10 minutes away (direct trains or change in Metz) from Luxembourg. There, you can take a walk down the Champs Elysées, gaze upon the Mona Lisa or take in all of Paris from the top of the Eiffel Tower.

**Centre Pompidou**  
is one of the most striking modern buildings in Metz

## In Luxembourg



Line 10 will take you to Clervaux in just under an hour. There, you can visit the famous 'Family of Man' photography exhibition, the Battle of the Bulge museum and the museum of models of Luxembourg's castles. Unwind in the lovely Princess Maria Teresa square with an ice cream or hike up to the Abbey of Saint Maurice on a 6.8km circular walk.

You can be in Wasserbillig in less than 38 minutes on Line 30. You might have thought this was nothing more than the place to fill up on cheap petrol before entering Germany, but this town has a lot more to offer. The aquarium is small but full of information, and there's a play park opposite. The town also lies at the confluence of the rivers Moselle and Sauer, and you can take the ferry to the German town of Oberbillig. You can take a circular walk around the Merttert region or a cultural walk across 17 stations that provide interesting facts about the history and natural environment of the region.

Fancy some fun with the kids involving lemurs, meerkats, penguins and porcupines? Bettembourg is just 10 minutes away on Line 90, and, from the station, it's a 20-minute walk to Parc Merveilleux, which is open every year from the end of March to mid-October and offers adventure playgrounds, rides and a barefoot path, as well as an array of animals. Each year in early July, the town hosts a Night of Wonders, with street theatre, dance, a circus, music and puppetry.

**Luxembourg's Moselle Region**  
is well known for its steep hills and vineyards

## Further afield



If you are prepared to get up early and rely on connections in Brussels or Metz, you can reach Amsterdam, Antwerp, Lille and even London or Nice from Luxembourg, but expect it to take the best part of half or a whole day, as these destinations are not always connected by high-speed trains.

**Antwerp**  
Belgium's second largest city is known as the diamond capital of the world



September

**POP MUSIC**  
**Garbage**  
Rockhal | 8pm | €39  
**22**

Garbage is back with their unmistakable indie rock sound

**CLASSICAL MUSIC**  
**Renaud Capuçon & Kit Armstrong**  
Philharmonie | 8pm | €35-45  
**25**

Renaud Capuçon performs four Mozart sonatas together with Kit Armstrong



**OPERA**  
**The Beggar's Opera**  
Grand Theatre | 8pm | €25-65  
**27-29**

The Beggar's Opera is more than an opera – it is a “balladopera”, reworked by Ian Burton and Robert Carsen



**SHOPPING**  
**De Lokale Maart**  
Rotondes | all day | free entry  
**29-30**

A local market selling a wide variety of products with one thing in common: They are all ‘Made in Luxembourg’

October

**MUSIC & DANCE**  
**Porson's Khashoggi / Andrea Rama**  
Grand Theatre | 8pm | €20  
**4-5**

Andrea Rama directs a night of music and interpretive dance. Four interpreters and one musician perform in the original show

**OPERA**  
**Verdi's Rigoletto**  
Philharmonie | 8pm | €35-75  
**5**

The OPL with the Vienna Philharmonic Choir, perform Verdi's best-known opera, Rigoletto



**POP MUSIC**  
**Kodaline**  
Den Atelier | 7pm | €30  
**5**

Ireland's Kodaline returns to Luxembourg with catchy indie-style songs and knack for connecting with audiences everywhere

**MUSIC & CINEMA**  
**Harry Potter (in concert)**  
Rockhal | 7pm | €48-84  
**26-27**

The Chamber of Secrets concert performed by OPL while a giant screen shows the film

November

**CLASSICAL MUSIC**  
**Verdi's Requiem**  
Grand Theatre | 7pm | €20  
**5**

Verdi's Requiem performed by Orchestre Révolutionnaire et Romantique and Monteverdi Choir

**POP MUSIC**  
**Kylie Minogue**  
Rockhal | 7pm | €55-84  
**6**

The Australian star returns to Lux as part of her “Kylie Presents Golden” tour

**OPERA**  
**Leonard Bernstein's A Quiet Place**  
Grand Theatre | 8pm | €25-65  
**20**

All-American heart-breaking opera by Leonard Bernstein, performance in Luxembourg by Opera Zuid



**THEATRE**  
**Abigail's Party, Mike Leigh**  
Grand Theatre | 7pm | €20  
**27-29**

Enter 1970s Britain, with adults behaving disgracefully in Mike Leigh's hilarious situational-comedy masterpiece

December

**OPERA**  
**Beethoven's Fidelio**  
Grand Theatre | 8pm | €25-65  
**5-7**

Beethoven's only opera Fidelio, performed by OPL and Arnold Schoenberg Chorus

**POP MUSIC**  
**Go By Brooks**  
Kulturfabrik | 7:30pm | €10  
**8**

Local band Go By Brooks with a melancholic rock sound release their new album “Another Flame”

**BALLET**  
**The Nutcracker**  
Rockhal | 7pm | €29.20-47.20  
**15**

Tchaikovsky's classic Nutcracker suite performed in Lux by St Petersburg Festival Ballet company

**MARKET**  
**17th International Record Fair**  
Rockhal | 1am-4pm | €5  
**16**

The 17th International Record Fair will host more than 40 international vendors selling rock and pop records

photos: Go By Brooks, Shutterstock, AFP, Klaus Rudolph

#NewJobInLuxembourg  
#ByeByeSun  
#BankingMadeEasy  
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