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Living and working in Luxembourg

A Huxley Associates guide

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Our guides

This guide is part of Huxley Associates' dedication to supporting our customers and delivering market-leading recruitment solutions. As one of the world's leading recruitment consultancies we pride ourselves on being a key recruitment partner for professionals and organisations across a range of sectors.

Our series of guides offer best practice advice and an insight into the latest recruitment news, whether you are looking to secure your next job or make your next hire.

Introduction

For such a small country Luxembourg punches very much above its weight in the global economy. It is one of the world's top 10 financial centres and 2nd to only New York in the field of investment funds – a true business hub.

Located at the heart of Europe, Luxembourg is the ideal gateway to the European market with over 500 million consumers. The nation has one of the best locations in Europe with the continent's three top industrialised countries as its neighbours: Germany, France and Belgium.

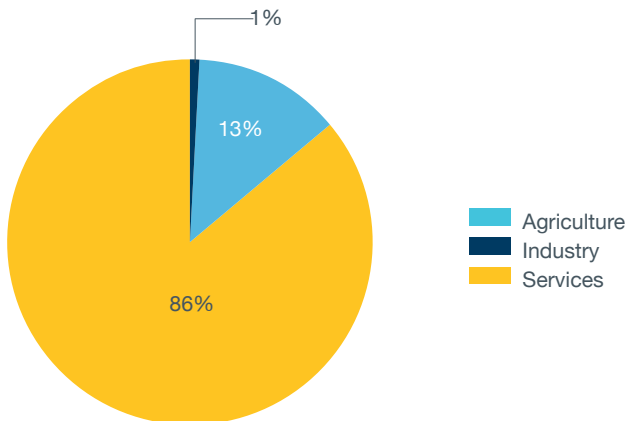
If you would like to discuss any aspect of this guide or register with Huxley Associates in Luxembourg then register at: lu.huxley.com or email us at: luxembourg@huxley.com

A true innovator

Road, rail, air and telecommunications have played a major part in the development and growth of the Luxembourg economy and the government spends a higher percentage of its GDP on infrastructure than any other European nation. Typical illustrations include:

- Luxembourg has an open-skies agreement with the other EU members and with the US that allows unrestricted flights between the nations. The Grand Duchy's largest airline, Cargolux, is among Europe's top 10 air cargo carriers, while the state-owned airline provides 3% of annual GDP.
- The Grand Duchy has also engaged in a broad effort to improve its already superior communications network, known as E-Luxembourg. The government has made significant investment in expanding internet access and the use of IT. As a result the country has one of the highest rates of broadband internet use in Europe.
- The communications infrastructure is among the best in the world which has aided the growth of the financial and banking sectors. The conviction of the government to making Luxembourg a beacon for world-class communications is the fact they own seven communications satellites.
- Luxembourg is significantly increasing its level of cloud computing expertise; creating a genuine skills centre that will extend Europe-wide. International internet based e-commerce companies such as Amazon, eBay, Skype, iTunes and Paypal already have their European headquarters in Luxembourg and this is likely to increase over the years ahead.

Luxembourg structure of employment



- In addition to the exceptional IT infrastructure, Luxembourg has developed a world class reputation for the security of its legal and financial systems. As a result a great number of banks and financial services companies have established their headquarters in the country.
- Luxembourg is one of the leading proponents of smart grid technology. The smart grid system will connect smart meters, high energy transformers and digitised substations through centralised information and control systems. The grid has the potential to transform the way power is distributed and consumed and is a key part of the drive towards a low carbon economy.

Diversity

Luxembourg is truly at the heart of Europe. Situated between France, Belgium and Germany, and only an hour flight time away from Europe's major finance capitals: London, Paris, Brussels, Amsterdam, Zurich and Berlin, the country benefits from having a large diverse population. It's fair to say Luxembourg has one of the most diverse populations in Europe, with Portuguese accounting for 16% of the total population, French almost 6%, Italians 4%, Belgians 4% and Germans almost 2%.

Despite the high proportion of foreign residents living and working in Luxembourg, the Grand Duchy is a model for integration and the benchmark for countries looking to support a truly international and diverse workforce.

Nationality	% of population
Portuguese	16%
French	6%
Italian	4%
Belgian	4%
German	2%

Standard of living

Although Luxembourg is an extremely small country, ranked only 175th in the world for size, it is an extremely powerful and important player in the global economy. The country is an extremely vibrant one and residents enjoy one of the highest standards of living of all developed countries, ranking:

- 4th in the world for quality of life
- 1st for GDP per person
- Number one across Europe for disposable income.

Luxembourg also has one of the lowest VAT rates in Europe at 15% and since prices closely correspond to its neighbouring countries (France, Germany, Belgium) it means residents benefit from having one of the world's highest purchasing power and disposable income. The average salary for Luxembourgers is €52k, which combined with generous child benefits and education allowances, and a tax system highly favourable to families; makes it pretty obvious why Luxembourg is ranked so highly.

Distance from Luxembourg to European capital cities



Living in Luxembourg

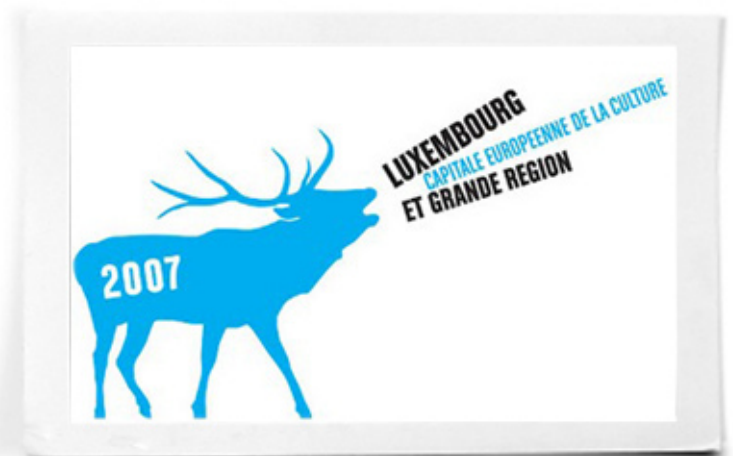
Luxembourg City is a mix of traditional (within the old city) and modern (within the upper city). Both have come together over recent years to become beacons for the country as a whole, with the old city being listed as an UNESCO world heritage site in 1994 and the city awarded European Cultural capital status in 2007.

Considering the standard of living for Luxembourgers it's hardly surprising the country is a mecca for leisure, culture and sport.

- The country boasts a broad and diverse range of galleries, museums and theatres, including a major dance and theatre festival: 'Cour des Capucins'.
- The National Art and History Museum offers archaeological and art collections, the National Museum of Natural History focuses mainly on science and nature, while Luxembourg City History Museum houses permanent collections and temporary exhibitions.
- A vibrant music scene includes something for everyone, from music festivals (Echternach Music Festival and Rock um Knuedler) and classical music, to jazz, pop and a vibrant opera scene. World famous musicians and artists will inevitably include Luxembourg in their tours, drawn as they are to the country's impressive range of concert halls and theatres.
- Sport and relaxation is in the DNA of Luxembourgers. Across the country there are aquatic centres, thermal baths, world class golf courses, canoeing, kayaking, scuba diving, windsurfing and sailing at the Haute-Sûre nature preserve, rock climbing at Berdorf and 900km of cycle paths to accommodate the large cycling culture. Tennis is a particular favourite across the country, with indoor and outdoor courts in almost every town.
- The country has its own film production company, producing on average two feature films and eight short films each year. The reputation of Luxembourg as a film producer has improved significantly over recent years, with films being screened at major film festivals and some even going on to win prizes.
- The unique multi-cultural mix has given the country a varied choice of restaurants and night spots. France and Germany have played the biggest role in the development of Luxembourg cuisine, although due to the City's role in the EU, increasingly we are seeing influences from across Europe. Asia and Latin America are also beginning to make an impression.



Luxembourg European Capital of Culture 2007



Health and welfare

Luxembourg has developed, enlarged and improved its welfare system over recent decades making it one of the most generous in the whole of the EU. During the last two decades, authorities have introduced a raft of welfare provisions, including comprehensive new care insurance (1998), several new benefit schemes and a social service sector aimed at addressing inequality for children and the elderly.

As a result the child benefits in Luxembourg are by far the highest in the European Union, policies for the elderly are some of the most generous and care insurance is one of the most inclusive (Hartmann-Hirsch, 2007).

Luxembourg's healthcare system is also one of the best in Europe. It provides universal healthcare to all its citizens and each tax payer contributes to the upkeep and development of the healthcare structure.

Tax contributions are capped at €6,625 per person but the amount paid depends on an individual's salary and profession. Children are covered by parents' contributions while students are covered until the age of 27.

In addition to a market-leading state healthcare system, Luxembourgers can also take out private health insurance to cover procedures not covered by the state, such as cosmetic surgery.

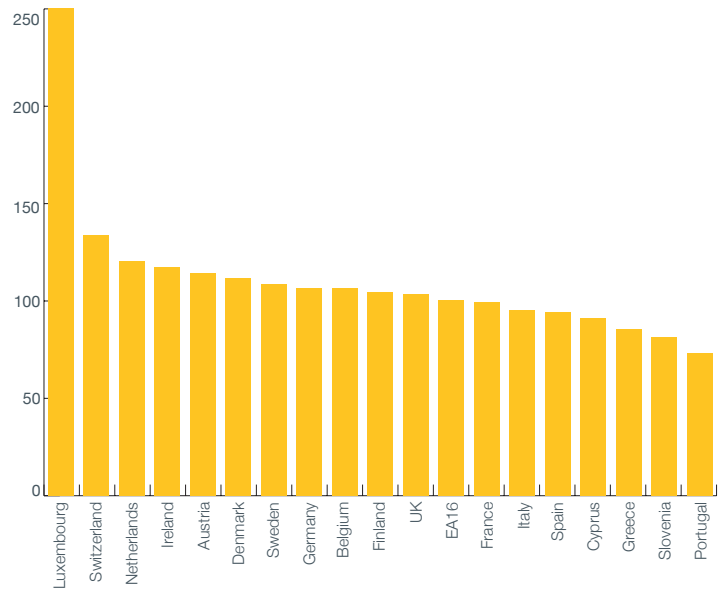
The state healthcare system will include cover for the following:

- Medical and dental treatment
- Paramedical treatment (nursing, physiotherapy)
- Dental, orthopaedic or other prosthesis
- Medicines
- Visual impairments
- Stays in hospital
- Rehabilitation programmes
- Therapy and convalescence
- Lab analysis, blood testing etc.

Patients do not have to register with a doctor or dentist in Luxembourg and are free to choose any healthcare provider they wish. They can also change the provider depending on their wants, needs or even location.

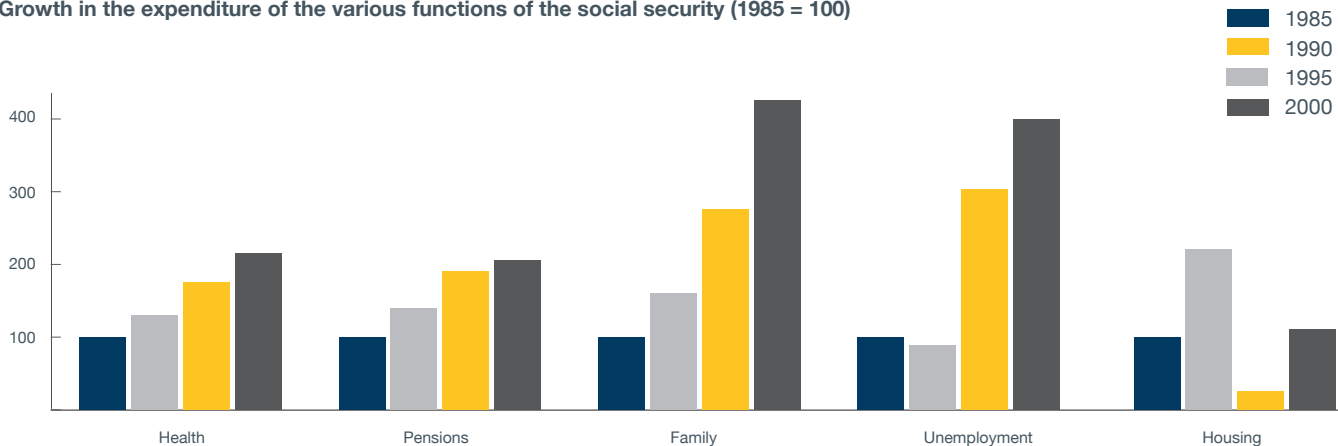
The overall standard of living of residents within Luxembourg is by far the highest of all European countries. Luxembourg boasts a GDP per inhabitant that is more than 2.5 times above the EU average, demonstrating the country's high level of welfare.

GDP per inhabitant (EA16 = 100)



Source: Based on data from Eurostat, 2009

Growth in the expenditure of the various functions of the social security (1985 = 100)



Source: IGSS

The banking sector

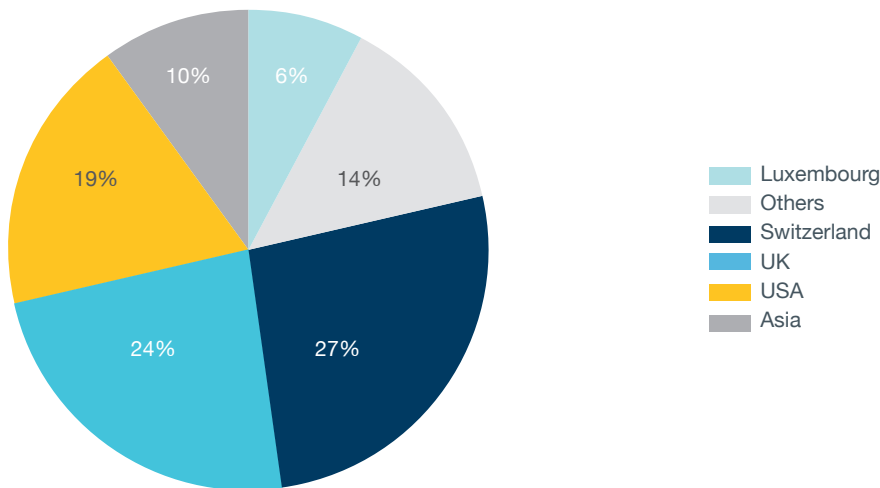
Over the past 40 years Luxembourg's financial sector has continued to develop and now plays a key role in the world's financial system. Luxembourg has a relatively open and stable economy and despite the recent financial crisis, the sector has continued to grow. As the largest sector within Luxembourg's economy, the banking sector accounted for over 28% of the country's GDP in 2010 and ranked among the top financial centres in the world. Whilst the banking sector balance sheets fell to €793 billion in 2009, following the global financial crisis, Luxembourg's economy weathered the crisis better than expected.

The development of Luxembourg into the top financial centre it has become today can largely be attributed to its strategic geographical location and its highly developed network of external relations. The country is often considered to be a tax haven due to its banking secrecy laws, although in 2009 following pressure from other EU states, the secrecy laws were relaxed, with Luxembourg co-operating fully with foreign tax authorities.

Private banking continues to play a fundamental role in Luxembourg's financial sector and accounts for 6% of the international private banking market, after only Switzerland and the UK/Ireland who account for 27% and 24% respectively. The private banking sector provides largely international services with 72% of clients coming from outside Luxembourg.

Luxembourg Market share in international Private Banking* (%)

*international private banking centres predominantly serve a non-resident clientele



Source: Private banking group, Luxembourg (PBGL) Boston Consulting Group | 2009

Building on the strong banking sector, the insurance industry in Luxembourg is also seeing significant growth, with many multinational groups seizing the opportunity to offer cross border services with the EU.

Luxembourg also specialises in cross-border fund administration and is Europe's leading investment fund centre. With a relatively small domestic market, the country has become a leading hub for global fund distribution and is a key area of growth, with the country seeing a 19.5% increase in net assets under management from December 2009-2010.

Attracting multinational organisations

Luxembourg has attracted a number of multinational groups, with many establishing their head offices in the region. Of the 143 credit institutes based in the region over 16 countries are represented. In many cases banking groups from France, Germany and Belgium have a strong presence within the country, although nearly 30% of Luxembourg banks come from non-EU countries.

The market boasts many of the largest names in banking and other financial sectors which is testament to the high standards of the region, including its well-regulated financial sectors. With a growing financial sector, saturated by foreign banks, Luxembourg presents a unique opportunity for banking and finance professionals wishing to relocate.

Luxembourg credit institutions by country of origin

Country of origin	Number
Germany	42
France	13
Belgium	11
Switzerland	10
Italy	8
United Kingdom	8
Sweden	7
USA	6
Japan	5
Luxembourg	5
China	4
Netherlands	4
Israel	3
Andorra	2
Brazil	2
Denmark	2
Norway	2
Portugal	2
Belgium/Canada	1
Canada	1
Greece	1
Ireland	1
Liechtenstein	1
Russia	1
Turkey	1
TOTAL	143

Source: CSSF | 31st August 2011

The job market

Almost 20% of Luxembourg's workforce is employed within the banking and finance sector, equating to 39,970 professionals (as of March 2010). 23% of these professionals are nationals but a significant 73% are international multilingual citizens from France, Belgium and Germany – clearly reflecting the diverse European workforce present in the country.

Banking is the largest employer and recruiter within the financial services sector, representing nearly 60% of the direct and indirect workforce. According to PricewaterhouseCoopers demand for skills in tax optimisation and risk diversification within the private banking sector are the real beneficiaries of market growth. The growing insurance centre is also providing a source of new roles for the region. However, it is accountancy roles that are the most widely sought after, with IFRS qualified accountants being particularly desirable.

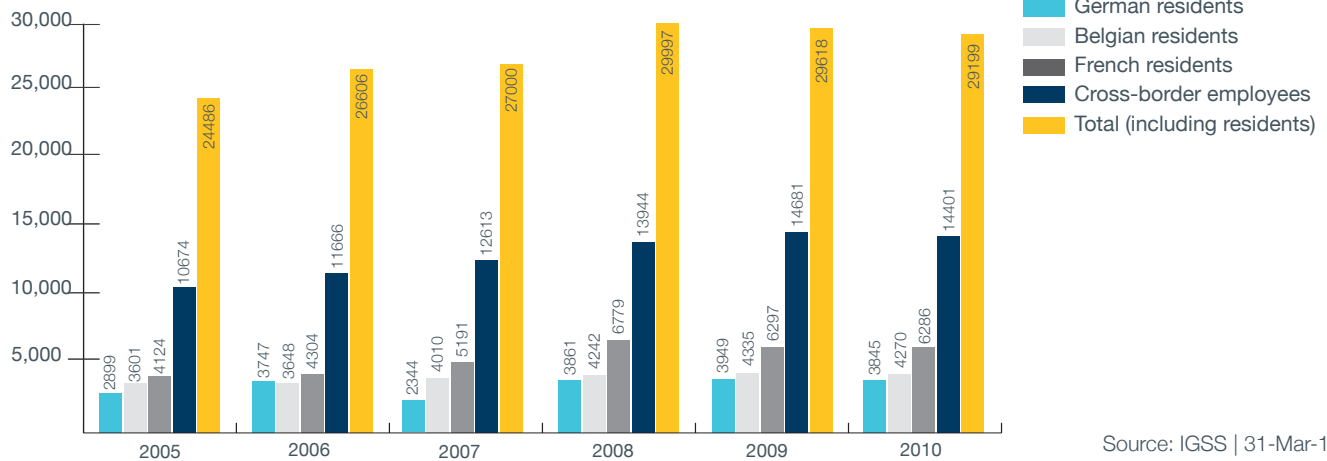
Whilst the job market saw a dip in the number of new roles available following the financial crisis, the market is now rising once more with employers in the banking and finance sectors seeking new professionals to fill skill shortages within their organisations. In a very competitive market there is high demand for international executives and professionals within the banking and finance arena.

As Luxembourg continues to attract a high level of overseas corporations looking to embed themselves in the heart of Europe, it is also anticipated that demand for highly qualified professionals will continue to grow in order to support the high level of activity.

Cross-border employees in the financial sector*

*Banks and other financial intermediaries

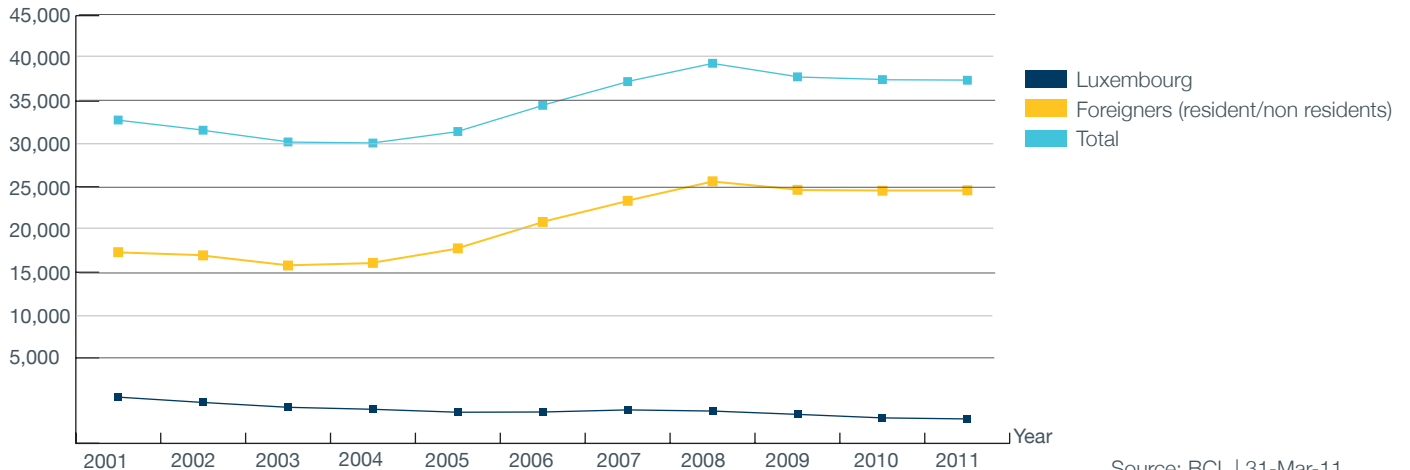
Number of employees



Source: IGSS | 31-Mar-11

Employment in Luxembourg banks

Number of employees



Source: BCL | 31-Mar-11

To explore the opportunities available within the Luxembourg banking, insurance and finance sectors then contact your nearest Huxley Associates Banking, Finance & Insurance specialist or register online and we will send the latest jobs to you.

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