

Change you can see



Geoffrey Cook, Nicolas Buck, Olivier Hamou

Photo: Steve Eastwood

Luxembourg remains an excellent place in which to do business but complacency is a risk. These medium term risks were reviewed at the "Luxembourg 2015: Firm Base, Global Connections" conference organised by the American Chamber of Commerce on 27th October. The broad message was that the country should concentrate on doing what it does well: flexibility and openness to global trends.

Geoffrey Cook, managing director of Brown Brothers Harriman harked back to the spirit of the late 1980s when BBH was founded here: "we need to remain nimble and entrepreneurial," he said. From humble beginnings, the firm now services about USD 500 billion assets out of Luxembourg, employing nearly 500 people. "Luxembourg funds are some of the most complex in the world," he explained "and the products and the skills here are world-leading and we need to get that message out."

Attractive international base

Olivier Hamou, the general manager of Vodafone, described how the group has increasingly found it attractive to base activities in Luxembourg. Since 2008 global procurement and more recently roaming activities are based here. He said these functions can be performed more efficiently by Vodafone's 250 staff centrally in the Grand Duchy rather than independently by each local Vodafone operating company. He said the small size of the domestic market here helped in the procurement process, as it brought a perception of neutrality within the group.

Nicolas Buck, CEO of Victor Buck Services described how his business provides services to the investment fund industry and had evolved from the family-owned printing company. In 2009, the EPT purchased 49% of the firm, giving it the capital it needed to open an office in Singapore. Another example of how the state can give local businesses a leg up.

However, Buck is concerned about

the disconnect between the political system and the economy. He talked of about 90-100 people running the country but said these tended to be former civil servants, trade unionists and lawyers. More foreigners should be drafted in, he said, to increase the knowledge base and to help speed up the legislative process. That said, he praised the civil service in general but thought the "the lower levels are paid too much and the higher level are not paid enough."

Air links criticised

The panellists each raised the question of air links. Cook was warmly applauded when he commented: "we have a great airport but it doesn't connect anywhere." He described as "ridiculous" the decision by Luxair in October 2008 to give up the company's slot at London Heathrow with its unrivalled international connections.

Hamou amplified this point, saying that his firm's people need to jet around the world to conclude deals as well as visiting head office near Heathrow. Buck chipped in with the criticism, calling the airport "cold" and lifeless. He also said the high price of taxi fares gave visitors the impression that the country was expensive.

Pressure on low skilled jobs

Cook's vision of Luxembourg is as a "command and control centre in charge of the moving parts even if we don't do everything here." He said the implication was that rather than an employment pyramid, Luxembourg was destined for a diamond shape, as many of the lower skilled jobs are eliminated through technology and off-shoring.

Speaking in a second panel discussion, Carlo Thelen of the Chamber of Commerce suggested creating jobs in construction and the manual trades, but for this salaries would need to be kept in check with moderation of salary indexation. Buck agreed, saying that reform was needed to take costs out of the system to help provide these jobs.

Text: Stephen Evans