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amcham News Report 1st quarter 2009

special feature:

GO South!

regional development in the Grand Duchy



interview:
Lydia Mutsch



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THE AMERICAN CHAMBER OF COMMERCE IN LUXEMBOURG A.S.B.L.

CONNEXION

1ST QUARTER 2009



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FILES.....



U.S. PRESIDENTIAL INAUGURATION PARTY
To celebrate the Inauguration of the 44th U.S. President, Barack Obama, the Democrats Abroad Luxembourg, with the support of AMCHAM Luxembourg, organized the Inauguration Reception on January 20, 2009, at the Sofitel Luxembourg Europe Hotel in Kirchberg. Find out more about the Inauguration...



U.S. ANTI-TAX HAVEN POLICY
President Obama and the new Congress will be under increased pressure to raise U.S. tax revenue given the potential severity of the current financial

crisis). A growing consensus in Washington is that shutting down offshore tax abuses by U.S. taxpayers would be an efficient as well as politically acceptable source of new revenue.

Back in 2007 a bill, entitled "The Stop Tax Haven Abuse Act," was not voted on and did not progress to Congressional committee hearings. However, now most Washington insiders expect action on this subject in the months to come, most likely in the form of new tax legislation similar to the 2007 bill which targets these "offshore secrecy jurisdictions." Luxembourg may be in danger as being among the countries targeted...



A WORD FROM THE CHAIRMAN...

Dear Colleagues and Friends,

It is amazing how quickly things can change. Who would have predicted a few short months ago that we all would be involved in an economic slump with global impact? Here in Luxembourg we have not been safe from this crisis either and this present year of 2009 looks like a tough year for all as well.

The AMCHAM response will be to focus on basics: putting on good events on timely topics that reflect the needs of our members. And be assured that we will do this with our customary strict budget oversight to make sure we run as tight a ship as possible.

We have already started this with several innovative HR programs, and this will continue with more HR and other committee events during the coming year.

We hope you are pleased with the contents of this issue. The special feature on the Southern region of Luxembourg highlights the heavy infrastructure investment which has gone into preparing for the revitalization of this underappreciated area only 20 minutes south of Luxembourg City.

We thank you all who continue to place faith in us by giving us your membership and your support and look forward to seeing you at an upcoming AMCHAM or ABAL event.

Sincerely,

Paul Michael Schonenberg
Chairman and CEO



[SPECIAL FEATURE] GO SOUTH! DEVELOPMENTS IN LUXEMBOURG'S SOUTHERN REGION

The southern Region of Luxembourg is preparing to play an increasingly important role in the Grand Duchy's economic development and has displayed tremendous dynamism over the last years. Read up on projects such as Belval, which will host the University of Luxembourg and see how Esch-sur-Alzette's Mayor, Mme Lydia Mutsch, views her town and the region...

NEWMEMBERS

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Japan Tobacco International (JTI) is the international tobacco division of Japan Tobacco Inc., the world's third largest industry player, with a global market share of 11% and market capitalization of approximately USD 50 billion.

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JTI is headquartered in Geneva, Switzerland and is employing more than 23,000 people around the world. The Belgian and Luxembourg division of JTI is located in Brussels and employs more than 70 people.

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P



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ReFlow Fund is the European branch of a Californian group that specializes in providing liquidity services to investment funds. In 2008, ReFlow established an office in Luxembourg with the aim of expanding its services outside the United States.

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NEWMEMBERS

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SecureIT is Luxembourg's largest carrier independent Data Center Collocation services provider. We run two large state of the art data center sites, one at Cloche d'Or

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The UL methodology is to combine expert consulting with experienced resourcing. Our consultants team up with your staff and industry experts so that your project is fully equipped with optimized human capital, providing the highest level of business and technical knowledge.

AGENDA & EVENTS

Forthcoming events organized by the American Chamber of Commerce in Luxembourg include:

Monday, March 2, 2009

12:00 – 14:00, Sofitel Luxembourg Europe – Plateau de Kirchberg

ABAL Luncheon “Leadership Obama Style”

With special guest speaker Chris Garratt, Leadership Solutions Europe.

Tuesday, March 3, 2009

18:00 – 20:30, Banque de Luxembourg

HR Best Practices During an Economic Downturn

With special guest speakers: André Marc, Allen & Overy; Christian Scharff, Dexia BIL and Tom Theves, Ministry of Economy. Moderated by Guy Castegnaro, Castegnaro Cabinet d'Avocats.

Tuesday, March 10, 2009

18:00 – 20:30, BGL Société Anonyme, Luxembourg-Kirchberg
AMCHAM/PRIM: Shaping the Future of Regulation

With special guest speakers: Sir Mike Rake, Chairman BT (former Chairman of KPMG International), Ieke van der Burg, European Parliament, Yves Mersch, Governor of the Luxembourg Central Bank, and additional speakers to be confirmed.

Monday, March 30, 2009

12:00 – 14:00, Sofitel Luxembourg Europe – Plateau de Kirchberg

ABAL Luncheon “Experiences at Miami University Luxembourg”
With special guest speaker Dr. Ekkehard Stiller, Dean of Miami University Luxembourg.

FINANCIAL AND ECONOMIC CRISES: REGULATORY REACTIONS

The American model of finance, with the most developed and comprehensive capital market and a highly competitive banking market, used to be considered as a model for the rest of the world. What then went wrong to lead to crisis that requires massive government support to prevent the crash not only of poorly managed institutions but of the entire sector?

For too long the abundance of liquidity, mainly but not exclusively in the dollar area, and supported through the accumulation of dollar reserves by Asian central banks, kept short-term interest rates too low for an economy in strong expansion. With a positive yield curve it became attractive to finance long-term investments in real estate with short-term funding. The combination of low interest rates and a strong economic expansion also encouraged leveraging. In addition, it was not economically attractive to hold large liquidity cushions. Whilst twenty years ago banks held 20% to 30% of their assets in liquid form, in recent years it was less than 5%. These features were the underlying economic preparation for the crisis. At the same time the finance industry was both deregulated and reregulated, both with unforeseen potential risks. In the United States, the Glass-Steagall Act was repealed, leading to a rapid concentration in the banking system, big commercial banks becoming universal banks and investment banks becoming like hedge funds with the build-up of highly leveraged position-taking at their own risk. Basel II provided universally agreed capital requirements, allowing banks to use their own risk models and emphasizing marked-to-market. When a bank was in rapid expansion and capital coverage became strained, it had the opportunity to securitize part of the loan book. This by itself created a moral hazard problem: if a bank planned to securitize the incentive for due risk evaluation was minimized as any future possible non-performance was not on its books any longer. The sub-prime mortgage market provides a perfect example. With the real estate crisis in the U.S. and sub-prime mortgage paper dropping in value marked-to-market destroyed part of the assets and left banks with reduced capital. As there were no more buyers of such assets there was no longer a reliable market price and occasional fire-sale transactions were used to value toxic assets. Some serious undervaluation occurred.

What could be reasonable regulatory responses to put the banking sector on a more solid basis?

First, the popularist criticism of bank managers and their exorbitant revenues is misplaced. Responsibility for the strategy of a bank, its risk acceptance and the remuneration of top management lies with the board. Boards worldwide are composed of executives of other companies, friends and public personalities. The professional element falls short. A review and definition of responsibilities of board member is the right step forward, in the USA and elsewhere.

Second, the basic job of a bank is to accept deposits and to make loans. A universal bank is lacking focus and tends to be dominated by the high revenue generating investment bankers during good times. A return to the "narrow" bank, limited to the basic banking activity and holding a regulated share of assets in liquid form, exchange enjoying central bank support, is a reasonable regulatory advance.

Third, the capital requirements need to take into account the dynamics of the cycle. During good times, when profits are high, capital requirements should be increased with a formula taking into account the growth of assets. We do know that after every strong expansion there

is a downturn. The longer an expansion last, the higher will be the risk of a correction. When the downturn sets in, banks would have a strong capital base to be used for the write-downs necessary during the downturn.

Fourth, securitization must be reformed to maintain a legal and financial responsibility for the originator to provide the incentives for due diligence in risk evaluation. Moreover, special purpose vehicles for the securitized assets need to be included in the balance sheet of the bank.

Fifth, banks should be allowed to distinguish between an investment book where securities are held as along run investment and are marked at the cost of acquisition, and a trading book where assets are recorded at market prices. Strict rules need to be defined to avoid shifting between these two books and to maintain transparency.



With these reforms the banking system would gain substantially in robustness and stability.

Alfred Steinherr, Ph.D.
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Alfred Steinherr graduated from the Université de Lausanne and pursued his studies in economics at McMaster University (MA, economics) and George Washington University (MS, mathematics). He received his Ph.D. from Cornell University. During his time as Professor of economics at the Université Catholique de Louvain he served in the Research Department of the International Monetary Fund in Washington and as Economic Advisor to the Commission of the European Union. He joined the European Investment Bank as Director of the Financial Research Department and moved on to become the Chief Economist. After retiring from the EIB he served as head of macroeconomics at the Deutsche Institut für Wirtschaftsforschung in Berlin and as Professor of Economics at the University of Bolzano.

Alfred Steinherr has extensively published on economic and financial subjects. His most recent books are "Economic Transition in Central and Eastern Europe: Planting the Seeds" (Cambridge University Press) and "Derivatives: The Wild Beast of Finance" (Wiley). He serves on several boards of academic and financial institutions.

He was for 8 years advisor to the government of Kazakhstan and currently serves as advisor to the United Arab Emirates.

ECONOMIC CONSEQUENCES OF THE FINANCIAL CRISIS

The outlook for the world economy darkened in the wake of the financial turmoil. To better understand the chain of events that led up to the recession, we need to go back a few years and take stock of the economic and financial conditions that existed before the crisis. These were unusually benign, with high growth and low inflation. The expansion of productive capacity in emerging markets such as China and India prevented inflationary bottlenecks to arise. This in turn allowed the U.S. Federal Reserve and the ECB to react forcefully to avert deeper recession in the wake of the dot-com bubble. This fuelled a boom in the demand for credit. The financial industry at the same time moved aggressively into new areas of risky lending to compensate for diminishing returns on traditional investments.

After more than a decade of swift credit expansion, U.S. and European households and non-financial companies ended up with notably higher stocks of debt. The rise in debt was propelled not only by cheap credit but also by the phenomenal rise in house prices, which offered more collateral against which they could borrow. The bubble began unraveling after interest rates rose sharply by mid-decade. The higher interest rates quickly proved unaffordable to many of the low-income households that had been granted adjustable rate mortgages. The defaults triggered sharp declines in the price of the financial instruments they were backing, and of the institutions that were holding these instruments. Total financial losses stemming from this crisis have recently been estimated by the IMF to exceed USD 2 trillion. In absolute terms this far exceeds any previous financial crisis. At 15 percent of U.S. GDP, it is similar in size to that of Japan in the 1990s.

Economic forecasts now point to a deeper recession in 2009 than previously expected. The IMF projects the world economy to grow by no more than half a percent in 2009, with a 2 percent contraction in the advanced economies. A rebound is projected for 2009, but this remains conditional on the government rescue packages having the desired effect. As pointed out in a recent IMF study¹, based on the experience of past financial stress episodes, the average economic contraction in their wake has been twice as deep and lasted a year longer than the average contraction not preceded by financial stress.

The greatest challenge to a restoration of growth in the world economy today centers on how to reduce excessive stocks of debt. There are essentially only three routes to reducing debt. The first is mass default in the non-financial and financial sectors. As experienced during the great depression, this route risks setting off a chain reaction of defaults that then trigger more defaults, etc. The second route to debt reduction is inflation. Inflation reduces the real value of debt relative to real assets. Although it is probably favorable to mass default in that it can be achieved without a massive economic contraction, adverse real effects will nevertheless follow later on when central banks struggle to return inflation back down to normal levels through sustained high real interest rates. High inflation expectations can also raise the costs of borrowing for governments for a very long time. The third route is to keep short-term interest rates low and let the private sector reduce debt gradually over time. This is essentially the Japanese solution, which led to prolonged economic stagnation and deflation. A variation on this model is to substitute public debt for private debt. This eases the burden on the private sector and may soften the contractionary effects of the debt workout. But this does not make total debt go away, it only removes it from the balance sheet of the private sector. Governments can take on private sector debt up to a point. But if government debt rises too much,

markets may fear either that governments will default or use inflation to reduce the real value of debt. If such fears elevate the borrowing costs of governments, this can trigger a fiscal crisis as a self-fulfilling prophecy. A key element of governments action is therefore to put policies in place that are seen as fiscally sustainable, so as to keep the costs of government borrowing low and thus make the debt reduction easier to achieve.

Economic growth makes debt-reduction easier to achieve, as it increases the pool of incomes from which to raise taxes and service and pay off debt. This strengthens the case for complementing public demand policies with further structural reforms that allow for an expansion of employment and incomes. The European economy has in recent years relied on high world growth and strong exports for its own growth. If this growth engine has now stalled, especially as far as U.S. consumers are concerned, Europe will need to find ways to foster more home-grown growth. Expanding the commercial services sector could be one ingredient in such a strategy, as manufacturing employment continues on its steady downward trend. The services sector already accounts for virtually all net job creation in Europe, as in the U.S. But in Europe cross-border competition and integration in this sector remains incomplete, in part as a result of regulatory and legal impediments. As is always the case, economic crisis offers a window of opportunity to confront vested interests that oppose reforms in labor and product markets. As suggested by the successful economic turnaround and swift post-crisis expansion of the Nordic countries in the 1990s, embracing this opportunity for change could boost confidence that the economic slump can be overcome.

¹ IMF World Economic Outlook, October 2008

Kristian Uppenberg
Senior Economist, EIB



Kristian Uppenberg

Kristian Uppenberg gave a presentation on the "Economic Outlook in the Wake of the Financial Crisis: Will Rescue Packages Work?" at the February ABAL Luncheon. He joined the European Investment Bank (EIB) in 1998, where he holds the position of senior economist. He is chiefly responsible for producing macroeconomic and financial analysis for the EIB's senior management. Kristian Uppenberg has a doctorate in economics from Boston College and has previously worked at the Stockholm Institute of Transition Economics and East European Economics and at Standard & Poor's DRI. The above article has been written in a personal capacity and does not necessarily reflect the views of the EIB.

TECHNOLOGIES SANS FRONTIÈRES - TSF

WHY TECHNOLOGY?

TECHNOLOGY-JUMP AS SOLUTION

On February 12, 2009 AMCHAM's IT Committee organized a seminar on "ICT for Development Policies kindly hosted at BCE's TV studios. Development policies are often associated with initiatives related to nutrition, health or education. However, ICT is also an essential part of today's development policies and one of the targets of the UN Millennium Development Goals is to "make available benefits of new technologies, especially information and communications" (target 18). Mobile communications are already a huge success in developing countries with great benefits for their users, for instance social (e.g., keeping in touch with relatives) or economic (e.g., having access to up-to-date market information) terms. Efficient communications facilitate access to eHealth, eLearning or eGovernment and they are an essential tool when it comes to disaster management. Even micro-finance can flourish thanks to mobile communications. Luxembourg hosts a number of important players in the area of ICT for Development. Millicom (Mr Max Leiwa, Global CTO), Technologies Sans Frontières (Dr. Benoit Hap) and SES (Mr Kerem Resuloglu, Bosphocom Ltd.) presented their projects and shared their experience with the audience. Mr Marc Bichler, Director for Development Cooperation, Ministry of Foreign Affairs and Immigration, provided an overview of the activities of the Ministry of Development Cooperation and Humanitarian Affairs in that field.

Following please find a contribution from TSF:

A very large part of our daily existence is underpinned by technology, whether we agree or not. For example, it would be challenging nowadays to do/operate without the phone and we would find it difficult to go back to pigeons and smoke signals.

In the same vein, countries less equipped will have neither the time nor the means of being wired, and therefore the wireless will become the standard. The different sectors implied in the cooperation for development: transport, agriculture, education, health, DRM (Disaster Risk Management), are, in a way, all dependent on some technological contribution: from analyses and measuring to simulations and solutions.

Moreover, most of these technologies are de facto based on ICT (Information and Communication Technology). No doubt that research and development, today, would be highly improbable (or all at least seriously delayed) without the computer.

At TSF, we prefer to speak about AICT (A for "Affordable"), insisting on the fact that technology must be not only financially affordable but installed and maintained on the ground, manufactured locally and thus replaceable, even improvable. In addition TSF strongly adheres to the Kyoto Protocol. It is no longer a question of "selling" the old technology we do not use anymore, but rather to explore the most efficient products, consuming as little as possible, and therefore capable of being powered by renewable energies, including solar. For sure the targeted regions are generally rather sunny!

As a matter of fact, these developments will have a direct impact, and not the least, on our countries.

Another finding is that education and health are two main pillars of a society that is doing well. Therefore TSF wants to be involved in these areas. For instance, today in Africa, hundreds of millions of people under 18 are not enrolled in school. Yet to date we never found a better solution than education to get out of precarious situations or to cut off violence in the long run.

Education classically implies substantial costs for teachers, books, slates, chalks, etc and especially time. A large part of this time-consuming task of education can be efficiently supported by some new technologies like the Internet and/or by learning-by-playing tools (edutainment). Unfortunately the people, who need this most, are the same who have no access to these technologies: could you believe that in Africa some universities have no Internet access? In fact, advanced technology such as solar panels, embedded IT, online training, satellites, wireless world, can definitively help shortcut a jump into the future as well as reduce the learning curve.

Another reflection, access to energy, which is essential for development, comes before all other needs (access to education, to Internet, to health care, to water, ...). This explains why nowadays, among other technological projects, TSF is installing photovoltaic panels in partnership with the local bodies.

As we usually put it, the cooperation is our concern, the development is theirs:

- The demand must come from the ground. Our main partners (local stakeholders, NGOs already in place), living and operating in the field are the demanders.
- TSF installs the infrastructure with them, and enables the initiating of local business, all prerequisites for success in the long run.

Even if the economical resources are not evenly distributed among human beings, nevertheless a relatively inexhaustible global resource exists: the human intelligence.

And what would ICT be without this human cleverness?

If the poorest could be informed at the same level as the richest, it would offer the opportunity to obtain or achieve similar results. Of course, learning how to fish is better than receiving fish, but perhaps it is still better to receive ICT tools which will not be limited to learn only how to fish. Besides, given the overexploitation of the fishing resources and the lack of food, some fishermen would be perhaps well advised to learn farming or breeding... So do not forget, reflection must lead our actions, particularly with regard to technology use.

Dr. Benoit Hap
TSF

ABOUT TSF

The non-profit organization Technologies Sans Frontières (TSF) -Technology Without Borders

- aims to promote all the leading-edge technologies in order to:
- assist the most impoverished, independently of who they are and from where they come,
- give them access to knowledge, education, goods and services to improve their quality of life and living conditions,
- support their autonomy in all the fields of the everyday life, such as inter alia, health and education.

More information can be found at the following website:
www.technologiesansfrontieres.org



CORPORATE CREATIVITY

In the second half of 2009 AMCHAM's Financial Services Committee is planning on hosting an event on "Corporate Creativity". In the run-up to this event, we are pleased to present an interview with Gerard J. Puccio, Ph.D., Chair & Professor at the International Center for Studies in Creativity, Buffalo State College.

Q: What is corporate creativity? How long has this existed as a discipline?

A: One of the first papers written on organizational creativity was published in 1975. However, the recognition that creativity is crucially important for organizations did not really take off until the 1980's and 1990's. Specifically, in the late 1980's a European journal was launched that specifically focuses on managing organizational creativity and innovation. The explicit purpose of this journal, called *Creativity and Innovation Management*, is to bridge "the gap between the theory and practice of organizing imagination and innovation" with a focus on "how to challenge and facilitate creative potential, and how then to imbed this into result oriented innovative business development."

Initially those in the field of creativity studies were primarily concerned with understanding how individuals express their creativity and whether creative talent could be developed. We now know much about personality traits and skills that help an individual to be more creative, and there are many studies that demonstrate education and training can directly impact an individual's creativity. Yes, we now know creativity is not a gift from a muse, but that it can be deliberately nurtured through teachable processes and methods.

With some of the fundamental issues related to creativity out of the way, more recently researchers, and practitioners, have turned their attention to how creativity comes about in organizations. The irony about organizations is the fact that many organizations come into existence because of a visionary and creative founder; however, as new organizations grow and introduced systems to enhance efficiency and productivity often the very creative spirit that launched the company is extinguished. In other words, the process of becoming 'organized' can drive out creative thinking.

A formal field of creativity studies has been in existence for more than 50 years. Over this time many scholars have come to agree that creativity can be defined as the production of novel and useful solutions to complex problems. This definition can be extended to organizational creativity, which is the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system (Woodman, Sawyer & Griffin, 1993). What organization does not need to employ imagination to tackle complex problems, such as changing market places, labor costs, new product ideas, environmental concerns, global competition, recession, etc? To grow, to survive, organizations must be able to adapt, and quickly. Those organizations that are rich with ideas and nurture creativity are much more likely to stand the test of time. Would you rather have your organization be more like a General Motors, or more like a Toyota.

Let's be more specific. There are at least four major reasons why creativity is essential in today's organizations. First, for an organization to be successful its members must be adept at solving problems, and often these problems do not have readily apparent solutions and thus necessitate creative thinking. Second, to survive all organizations, especially those organizations in highly competitive sectors,

must find ways to be innovative and the catalyst to innovation is creativity. Third, organizations are living systems and to sustain themselves they must grow, change and adapt. Creativity is the lifeblood that makes growth, change and adaptation possible. Finally, organizations need effective leaders and creativity-relevant skills are increasingly recognized as core competencies of leadership. I have come to learn, both through my research and practice as a creativity consultant, that the link between creativity and leadership is crucially important and, therefore, I want to spend just a bit more time on this last point.

Management and leadership are not synonymous concepts. Those who study management and leadership commonly argue that a main point of distinction is the need for leadership to tackle difficult issues. With management the focus is on efficiency and repeatability, while leadership is needed to the tough situations. As such, many have argued that leaders need to be creative problem solvers so that they can respond effectively to problems that do not have immediately apparent solutions. In fact, among military leaders research shows that those higher in creative problem solving skills tend to rise through the ranks much more quickly.

Additionally, leaders set the tone for creativity in their organizations. The degree to which an organization is flexible, creative and imaginative has been shown to be directly linked to the leader's own level of creativity. You want a creative culture, make sure you have a leader who supports creative thinking. So a very positive consequence of creative leadership is the promotion of creative organization.

For more information on the role creativity plays with respect to leadership see Puccio, Murdock and Mance's book (2007) *Creative Leadership: Skills that Drive Change*.

How many companies are using this concept, in the U.S., Europe, Japan, Asia?

A: It is not possible to put a precise number how many corporations are using creativity. In some way you might say that all organizations use creative thinking, or at least you would hope that they all support and tap into the creative imagination of their employees. If they do not, they run the risk of shutting down a very important part of human nature. People like to create; in large measure it is what differentiates us from other species.

The question then becomes, how many organizations have deliberate and systematic methods to provoke and capture the creative thinking of their employee? In other words, how many organizations do not leave creativity up to just chance? I know of no specific global survey that has generated this data, but I can describe the results of a study of creativity in organization that compared those organizations that leave creativity up to the individual versus those that take a systematic and deliberate approach. In this study, the authors found (Bharadwaj & Menon, 2000) that those organizations that adopted systematic organizational strategies for creativity (i.e., internal creativity facilitators, a generally accepted creative problem solving process, methods to capture employees ideas, etc.) were significantly more innovative. So taken by the strength of their results, these researchers suggested that

organizations look at "creativity expenditures as an investment, rather than treat it as an expenditure" (Bharadwaj & Menon, 2000, p. 431).

Although I do not have specific data about how many organizations take deliberate approaches to creativity, I can name a number of innovative companies that have provided corporate training in creativity, instituted formal creativity practices, and/or have had deliberate systems in place to inspire creative thinking, they include: Procter & Gamble, S.C. Johnson, Clorox, 3M, Coca-Cola, Pfizer, Dell, Motorola, Toyota, Pixar, The Royal Mail, IDEO, IBM, and others.

Q: What results can be expected from organizational creativity and how measurable is it?

A: Perhaps the overarching expectation is that creative thinking will lead to innovation, both internal and external. And this is most certainly measurable. Before an organization can develop innovative outcomes that can be applied both internally and externally, employees must first come up with creative ideas (and in some cases organizations must be open to the creative ideas of those outside the organization, such as its customers). These ideas can then be transformed into tangible innovations. A study published in the *California Management Review* reported that the top innovative firms enjoyed nearly 35% greater market share when compared to those deemed to be less innovative, and they also experience about 20% greater return on assets (Soo, Devinney, Midgley & Deering, 2002).

Q: Are there specific examples, which we maybe all know, but never realized this was based on corporate creativity?

A: There are numerous examples of the outcomes of deliberate creativity. A book that has some very nice examples is Tom Kelley's (2001) book in which he describes how IDEO has used deliberate creativity methods to generate some well-known consumer products.

Q: How do you identify as a company that you need this and how do you tackle the implementation?

A: Ask yourself some fundamental questions, such as: Are we tapping into the creative potential of our employees, are we an idea rich company, do we have corporate culture that is open to risk, have we adapted well to change, are there significant changes that will occur in the near future that will impact our organization and are we prepared to meet this challenge, are our employees satisfied and feel a sense of commitment to the organization, are we more skillful at promoting or killing creativity, and do our leaders model ways to be creative for others in the organization?

If responses to the above questions show a lack of creativity, there are two immediate steps that can be taken. First, begin to develop creative leaders. Second, make a plan for how creativity will be promoted across the organization (i.e., training, idea management systems, rewards, incentives, etc.).

Q: Is corporate creativity even more important at the moment, or are we too late to address the current issues?

A: Yes, given globalization, financial crises, and competition, creativity is even more important today. There are more problems to content with and change occurs at an every faster rate, so it is crucially important. And no, it is not too late.

Q: Is corporate creativity limited to companies or can this also be used at the government level or other non-profit organizations?

A: I prefer to speak of organizational creativity rather than just corporate creativity. All organizations must solve problems. All organizations must adapt. And thus creativity is needed in all organizations.

Thank you for the interview!

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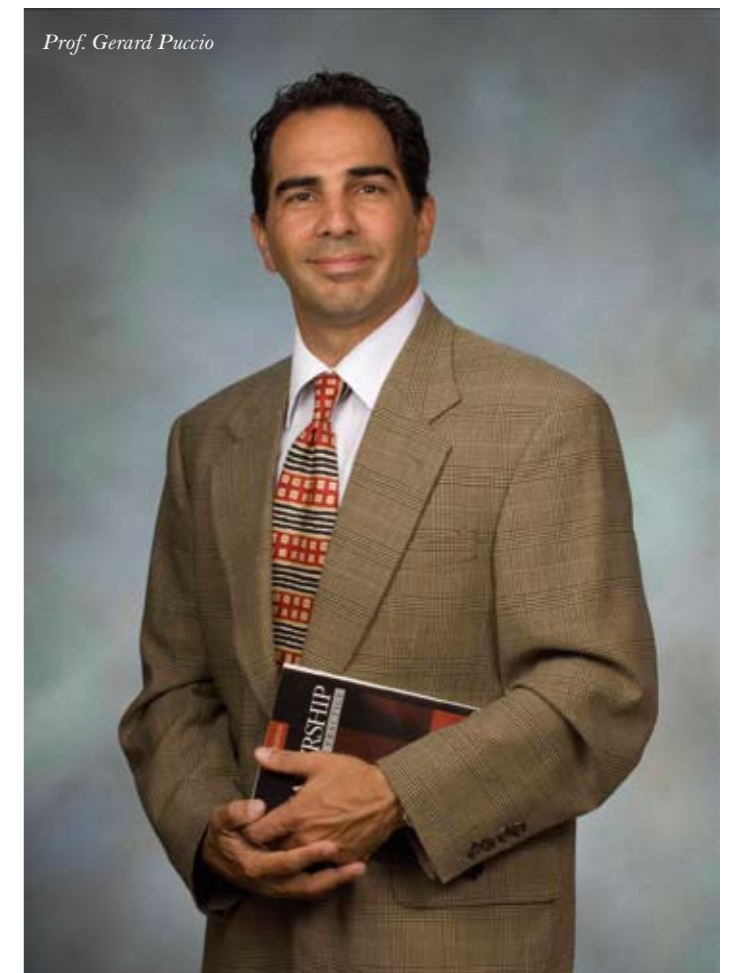
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Prof. Gerard Puccio

NOVELTIES IN IMMIGRATION LAW

In view of the current legislative changes concerning work permits and immigration law, Me Guy Castegnaro (Castegnaro Cabinet d'Avocats) and Mrs. Sylvie Schmit-Verbrugghen (European Relocation Services) presented the new facts at an HR breakfast on January 23, 2009. The presentation is downloadable at: <http://www.amcham.lu/events/detail.php?event=201>

Following please find more details kindly provided by Me Castegnaro and Me Domingos.

In 2007, 42% of the population living in Luxembourg was foreign of which 87% were European Union citizens. The significant increase since 1970 and the inadequate legal provisions governing this matter urged the Luxembourg lawmaker to adapt the immigration law. Thus, the new law on the free movement of persons and on immigration ("the Law") was adopted on August 29, 2008 and came into force on October 1, 2008. The Law puts in place a clear scheme which rules, in a detailed way, the entry and residence modalities on the Luxembourg territory of the different categories of foreigners.

In compliance with the fundamental principle of the European Union (EU) of the free movement of citizens, the Law honors the right of EU citizens and their family members to move and reside freely within the EU member states. This free movement concerns also citizens from the European Economic Area and from Switzerland. However, this right is not absolute but is subject to certain conditions in order to avoid an excessive burden on the public finances (economic activity, criteria of sufficient resources and health insurance).

One of the main measures of the Law which aims at simplifying formalities is the suppression of the residence permit ("titre de séjour") for EU citizens. In fact, within three months following his/her arrival in Luxembourg, the EU citizen is only required to obtain a simple registration certificate at the town hall of the commune where he resides.

Another main novelty is the creation of a permanent right to reside after 5 continuous years of residence. The Law provides for cases of temporary absences such as 12 months for important reasons (serious illness, secondment...). Moreover this permanent right to reside may be acquired before the 5-year period in some cases, for instance in case of a salaried activity in another EU member state after 3 years of activity and residence in Luxembourg while retaining his residence there.

Then, the Law improves the condition of family members of any nationality (including Bulgaria, Romania and non EU nationals) of EU and Luxembourg citizens by granting them new rights notably in case of death or divorce.

It is worth mentioning that these different measures do not apply to Bulgarian and Romanian citizens (except for the above-mentioned

improvement for family members). In fact, Luxembourg has decided to extend the restrictions on the free movement of those nationals until January 1, 2012. As a result, Bulgarian and Romanian citizens are treated as third-country citizens.

Third-country nationals are required to hold an authorization for wage-earning activities. One of the essential measures contained in the Law is the creation of a single residence permit. Contrary to the previous system governed by the distinction between residence permit and work permit, the new procedure is based on one and single residence permit which simplifies the procedure and reduces delays to get the permit. Wage-earners, self-employed persons, students, trainees and sportsmen are among the persons requiring an authorization.

In order to get the residence permit, the third-country citizen is first required to obtain a residence authorization. This residence authorization is obtained once the wage-earner has introduced a request to the Ministry of foreign affairs before entering the Luxembourg territory. Several conditions must be satisfied, such as the possession of an employment contract. Within the three months following the reception of the residence authorization, the third-country national has to apply for a residence permit subject to conditions including medical exams. Once the residence permit has been obtained, it is valid for 1 year and renewable upon request for 2 years then 3 years and for any employer of one specific sector.

In order to maintain the competitiveness of Luxembourg's economy, a residence permit for high-skilled worker has been created. Among other criteria, the high-skilled position requires specific abilities and remuneration at least equivalent to 3 times the minimum statutory wage, i.e. currently EUR. 4.829. This high-skilled worker's residence permit is valid for up to 3 years, renewable upon request for 3 years and enables the worker to change sector or employer upon authorization.

Guy Castegnaro
Avocat à la Cour

Christophe Domingos
Avocat

CASTEGNARO
Cabinet d'Avocats

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THE CHALLENGES OF A GLOBAL WORKING SOCIETY

In cooperation with Berlitz Luxembourg, AMCHAM organized an event on the "Challenges of a Global Working Society" on January 29, 2009 which was kindly hosted by KPMG. Speakers included Mr. Gaston Greiveldinger, Mayor of Strassen, a commune which boasts more than 50% foreign population; Ms. Petra Bocker, Head of Human Resources at KPMG Luxembourg and Mr. Stephen Macfarlane, Director Berlitz Business Seminars. The presentations can be found on AMCHAM's website under the following link: <http://www.amcham.lu/events/detail.php?event=193>

A global working society poses challenges on many different levels: not only spatial, process, time and language barriers need to be addressed, but also cultural and personality differences complicate and exacerbate an already challenging working situation.

According to the IBM Global survey the ability to bring worldwide work forces together, is one of the key success competencies for developing a staff, which can deal with an ever rapidly changing world.

Although global teams have become almost a natural part of our daily working lives, multicultural teams can bring many obstacles and challenges with them. The efficiency and success of such teams can not be taken for granted. Various surveys have shown that multicultural teams tend to perform at extreme poles: they can be either very ineffective or on the opposite end of the scale, extremely effective. The reason for these differing results depends on several criteria. Factors such as communication styles, decision making processes and understanding of hierarchy are decisive for the success of such teams. An understanding and sensitivity of these factors are essential for team efficiency. A lack of clarity can lead to disturbed communication or even to a breakdown thereof.

Initially, these obstacles often go unnoticed. Indicators of such obstacles can range from recurring problems, uncompleted projects or deadlines which can't be met. Moreover, stereotype thinking and prejudices, used as excuses for the arising problems or a chain of misunderstandings and irregularities, can also be indicators for disturbed communication.

In order to overcome these risks, organizations face the tasks of creating a working environment in which differences are embraced and proactively used as a driving force for the business. In his model of "The stages of intercultural sensitivity", Milton Bennett describes 6 steps to integration. The framework describes a transition from an ethnocentric perspective of denial, resistance and minimizing, through to an ethnocentric perspective of acceptance, understanding and finally integration.

The origin of diversity goes back to the 1960s in the USA, as part of the antidiscrimination movement to integrating non-white employees within a company. This approach was later extended to include other

differences. Today, diversity includes several factors such as gender, social class, religion, national culture and sexual orientation.

Creating an awareness of difference is the first step towards managing diversity within an organization. Firstly, strategic decisions need to be made on how and to what extent a company will address and use this potential as a corporate strategy. Responsibilities need to be allocated to ensure that all opportunities – from recruiting processes through to project team constellations – are used and optimized. Furthermore, through continually providing information and furthering knowledge within an organization, a growing acceptance and an understanding of differences will prevail.

Leadership and communication styles begin to adapt to a multifaceted organization. An understanding of the opportunities and potential of diversity begin to replace familiar behavior of forced homogeneity. In so doing, employees' motivation and engagement for the organization will be encouraged and optimized.



Developing and working with diverse and global teams is an ongoing process and one, which requires continual alignment to changing circumstances. Processes and instruments, such as a "Diversity Scorecard", can be introduced to ensure sustainability and efficiency. The impact of activities can be measured and in so doing, the company begins to set new goals and visions in a process of continual inclusion.

Stephen Macfarlane
*Director Berlitz
Business Seminars*

U.S. ANTI-TAX HAVEN POLICY

WILL PRESIDENT OBAMA BLACKLIST LUXEMBOURG?

President Obama and the new Congress will be under increased pressure to raise U.S. tax revenue given the potential severity of the current financial crisis (per Bloomberg, the Federal Bailout risks to go as high as USD 9.7 trillion). A growing consensus in Washington is that shutting down offshore tax abuses by U.S. taxpayers would be an efficient as well as politically acceptable source of new revenue.

Back in 2007 during the 110th Congress, then Senator Obama co-sponsored a bi-partisan bill that blacklisted Luxembourg along with 33 other countries as "offshore secrecy jurisdictions" in order to shut down these perceived offshore abuses. The bill, entitled "The Stop Tax Haven Abuse Act," was not voted on and did not progress to Congressional committee hearings.

However, now most Washington insiders expect action on this subject in the months to come, most likely in the form of new tax legislation similar to the 2007 bill which targets these "offshore secrecy jurisdictions." Luxembourg may be in danger as being among the countries targeted.

THE RISING ANTI-TAX HAVEN AGENDA IN WASHINGTON

Since 2007, a consensus has formed among U.S. politicians on the so-called "tax gap" of undeclared income hidden in offshore tax havens by U.S. tax cheats - as much as USD 345 billion per one IRS estimate. The belief is that the U.S. should implement a policy of forcing the blacklisted tax havens to allow the U.S. sufficient information exchange and other enforcement tools to enable audits and investigations of U.S. taxpayers in such countries, or alternatively simply dissuading U.S. taxpayers from using these jurisdictions via such mechanisms as burdensome reporting requirements and higher penalties.

In February 2007, Senator Obama co-sponsored the "Stop Tax Haven Abuse Act" bill (S. 681) which created a "blacklist" of 34 "offshore secrecy jurisdictions" including Luxembourg. The ramifications of being on the blacklist are severe and would be a disincentive for U.S. businesses and citizens from doing business or investing in such blacklisted countries. In particular, the bill would authorize financial sanctions on blacklisted countries and provide a rebuttable presumption in certain conditions that any amount received from a company or bank account in a blacklisted jurisdiction is previously "unreported income" to the benefiting U.S. tax payer. The proposed blacklist mainly is comprised of classic tax havens such as Panama, the Cayman Islands, and the British Virgin Islands. Further, Luxembourg, as well as other European countries such as Cyprus, Malta, and Switzerland are blacklisted. However, most EU Member States, even those with tax advantages, such as the Netherlands, Belgium, and Austria are not blacklisted.

President Obama has remained focused on his anti-tax haven objectives ever since the introduction of his co-sponsored bill back in 2007. During his Presidential campaign, he promised to "crack down on international tax havens" and in his "Blueprint for Change," he pledged to "penalize companies that abuse the tax code and stop the use of tax havens." Further, his new Treasury Secretary Geithner recently affirmed that he shared "the President-Elect's commitment to aggressively address the problem of offshore tax abuses."

Senator Hillary Clinton in June 2008 introduced a bill (S. 3139) which prohibits the U.S. government from awarding any contracts to a company or individual located in an "offshore secrecy jurisdiction" - Luxembourg is also included on her proposed blacklist.

The publicity keeps mounting. Notably, the U.S. Government Accountability Office (the "GAO") published in December a list of the 100 largest U.S. corporations with subsidiaries in "tax havens or financial privacy jurisdictions." Luxembourg is of course listed throughout the detailed report as one of these jurisdictions given its relative success in attracting corporate structures.

CAN LUXEMBOURG AVOID THE BLACKLIST?

Presumably, for Luxembourg to avoid being on these anti-tax haven blacklists, it will be critical that the U.S. government is enabled with sufficient information exchange powers regarding U.S. tax payers despite local bank secrecy rules. Particular emphasis will likely be on the exchange of information mechanisms in the current U.S.-Luxembourg Tax Treaty and Mutual Legal Assistance Treaty and whether these will need to be revisited so that the U.S. government has sufficient tools to verify U.S. tax payers are not abusing Luxembourg's bank secrecy rules.

On a positive note, if Luxembourg can successfully avoid being targeted or blacklisted in future U.S. anti-tax haven legislation - as opposed to so many so-called "offshore secrecy jurisdictions," then Luxembourg could find itself on a short list of non-black listed jurisdictions which provide for a favorable tax regime but nonetheless remain on good terms with the U.S. government as far as U.S. tax payer information exchange is concerned. Such a result could prove very beneficial to Luxembourg's role as a location of choice for U.S. businesses and investments.

The American Chamber of Commerce Tax Committee has committed to the objective of making its best efforts to save Luxembourg from any U.S. anti-tax haven legislation and is currently making optimal use of its network of professionals and government contacts, both in Luxembourg and Washington, to achieve this goal.



Louis Thomas
Partner-in-Charge, KPMG Tax



James O'Neal
Senior Manager, KPMG Tax



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 ALTER DOMUS

INTERVIEW WITH LYDIA MUTSCH, MAYOR OF ESCH-SUR-ALZETTE

Q: You started your career as a journalist and in advertising. In 1987 you joined the City Council of Esch-sur-Alzette, later became Member of Parliament and Mayor of Esch in 2000. What sparked your interest in politics?

A: My interest in politics was sparked by my aspiration to modernize and revitalize our society and to advance the development of the South Region.

Q: How would you describe Esch-sur-Alzette and its surroundings? What do you see as the essence of your city?

A: I would describe Esch-sur-Alzette and its surroundings as an area of enormous potentials for growth; as the capital city of the South Region it is probably the most important center for growth in Luxembourg. The essence of Esch, to me, is its determined go-ahead nature which kept it going through the uphill battle that were the last few decades, its spirit of innovation and its high quality of life.

Q: The Grand Duchy is targeting a diversification of its economy and will most likely boast a substantial increase in population over the coming decades. Which role can Esch-sur-Alzette play in this development?

A: The role of Esch in our country's diversification of its economy will be a major one. As one of three national centers of development – the others being the City of Luxembourg and the “Nordstad” –, our main focus will be on research, innovation and creativity.

Q: In order to strengthen the Grand Duchy's international competitiveness as a business location and gateway to Europe, the relevant infrastructure is crucial. Offering sufficient capacities for English-speaking students therefore is a factor not to be neglected in the equation. You have signaled your town's interest in establishing an International School in Esch. Could you outline details?

A: Considering the many important, high-profile projects like, among others, the further development of Belval and Terres Rouges, the creation of a TechnoPark and the introduction of the University as well as the future Luxembourg Center for Science Biology on the territory of Esch, it is evident that we will be well advised to provide international school facilities for children. Our estimations for 2011-2013 tell us that we can expect around 1420 foreign pupils that could benefit from such an International School in Esch. The projected location for this school would be in the rue de Luxembourg, close to the center area and near by all our sports, leisure and cultural infrastructures.



Lydia Mutsch

Q: You have been Mayor of Esch-sur-Alzette since 2000. What accomplishments are you proudest of?

A: I am proud of the role my colleagues and myself are allowed to play in assisting to bring University to Esch. Another of our ongoing achievements that fills me with satisfaction is the modernization of our schools and their complementary infrastructures. Finally, I feel great pleasure for having been able, as the Mayor of Esch, to instill, after important measures of restructuring, a new dynamic and a fresh motivation into the city and its surroundings.

Q: What visions do you have for the future of Esch-sur-Alzette?

A: My vision for the future of Esch is that of a vibrant, thriving capital city of the South Region with an ever-increasing quality of life and the potential for a substantial economic growth.

Q: You have a very high profile in the Grand Duchy and are known for your unswerving efforts to promote your city and the Southern region of Luxembourg. What do you like to do in your leisure time?

A: In my leisure time I like to travel the world, go to the movies and cook for friends and family. I'm also very much interested in all possible cultural events.

Q: What is your favorite book?

A: My favorite book at the moment is Douglas Kennedy's “A Special Relationship”.

Mme Mutsch, we thank you for this interview.

ABOUT LYDIA MUTSCH

Lydia Mutsch has been member of the City Council of Esch-sur-Alzette since 1987; her strong commitment has taken her to the position of Mayor of the city of Esch-sur-Alzette in April of 2000. Lydia Mutsch is the first woman to hold this position in Esch.

After her studies of political and social sciences at the University of Göttingen/Germany from 1980 to 1985, she started her professional career in the fields of journalism and advertising (1985-1989). Since October 1989 she is a Member of the Luxembourgish Parliament and a Member of the Benelux Parliament.



ESCH-SUR-ALZETTE: CITY OF TOMORROW!

The city of tomorrow will not be an isolated city, but rather a capital of the area around the Communes of Sanem, Mondercange, Schifflange, functioning as a pole for the whole South region. Esch and its surroundings are characterized by an urban, cosmopolitan way of life and openness to innovative ideas and guests from all around the world. Local and regional attractions as well as a rich architectural heritage emphasize the character of an ascending economical center.

BELVAL

The main project related to the global regeneration of the region is the development of Belval. The project offers the opportunity and long term resolutions that will allow hosting more than 5,000 citizens as well as more than 20,000 daily users. The whole site offers a constructible surface of around 1.3 million square meters situated on an area of 69 ha. A large proportion of this area is already designated to the future implementation of the University of Luxembourg; not to forget the fact that around 30% of the total surface is reserved for public places and parks.

The development of a town quarter of the size of Belval has a big influence on the city itself, which has further potential zones of expansion. Belval is not meant to be a growing new city next to the old one, but an area completely integrated in the urban and economical infrastructures of the city itself. A common city management concept with the neighboring commune of Sanem and the respective commercial associations works in this sense.

NONNEWISEN

Concerning potential expansion zones, the administration has first analyzed the potentiality of non-occupied surfaces and surfaces designated for urban redevelopment. A first important project, which represents one of the last land estate reserves of the city, is the development of the area “Nonnewisen”, situated on the northern edge of the city. Here, together with its project partner “Fonds pour le développement du logement et de l'habitat”, the city of Esch is developing a mixed city quarter in which accommodations for 1700 citizens are created.

The project proposes different types of accommodations like twin-houses, town houses, different types of apartments, duplexes and lofts. A school for 500-600 students is planned as well. Large green areas will provide the whole project with the necessary attractiveness. Once finished, this city quarter will provide renown in the field of sustainable development to the city.



Place de l'Hôtel de Ville

SCHLASSGOART AND CITY CENTER

The city center's redevelopment which has been planned during the 90's is almost complete. The new traffic rearrangement offers the possibility to access the “Schlassgoart” area, where further developments in the fields of technology, accommodation and economics are planned. The area around “place N. Metz” will soon host the brand new first instance courthouse.



Passerelle Gare-Galgebierg

The “place Brill” is situated in the continuation of the axis “Schlassgoart”, “place N. Metz”, “rue de l'Alzette”... In the summer of 2010, the city of Esch will have a new underground parking around its completely modernized “Brill area” including the renovated theater.

The city center will shortly be directly connected to its green lung the “Gaalgebierg” park by a footbridge of avant-garde architecture.

THE “LENTILLE” TERRES ROUGES

The regeneration of the industrial wasteland site “Terres Rouges” is actually in the planning stage. Considering its situation next to the city center, straddling the Luxembourgish and French territories and predestined to be a major town planning junction between the city center and Belval, this project is of a particular importance to the city's stakeholders.



Théâtre

MORE INFORMATION :

Website : www.esch.lu

LUXEMBOURG-BELVAL READY FOR INNOVATION AND GROWTH

Luxembourg is and has always been a country of banks and industry. But did you know that above all Luxembourg is also a country marked by innovation?

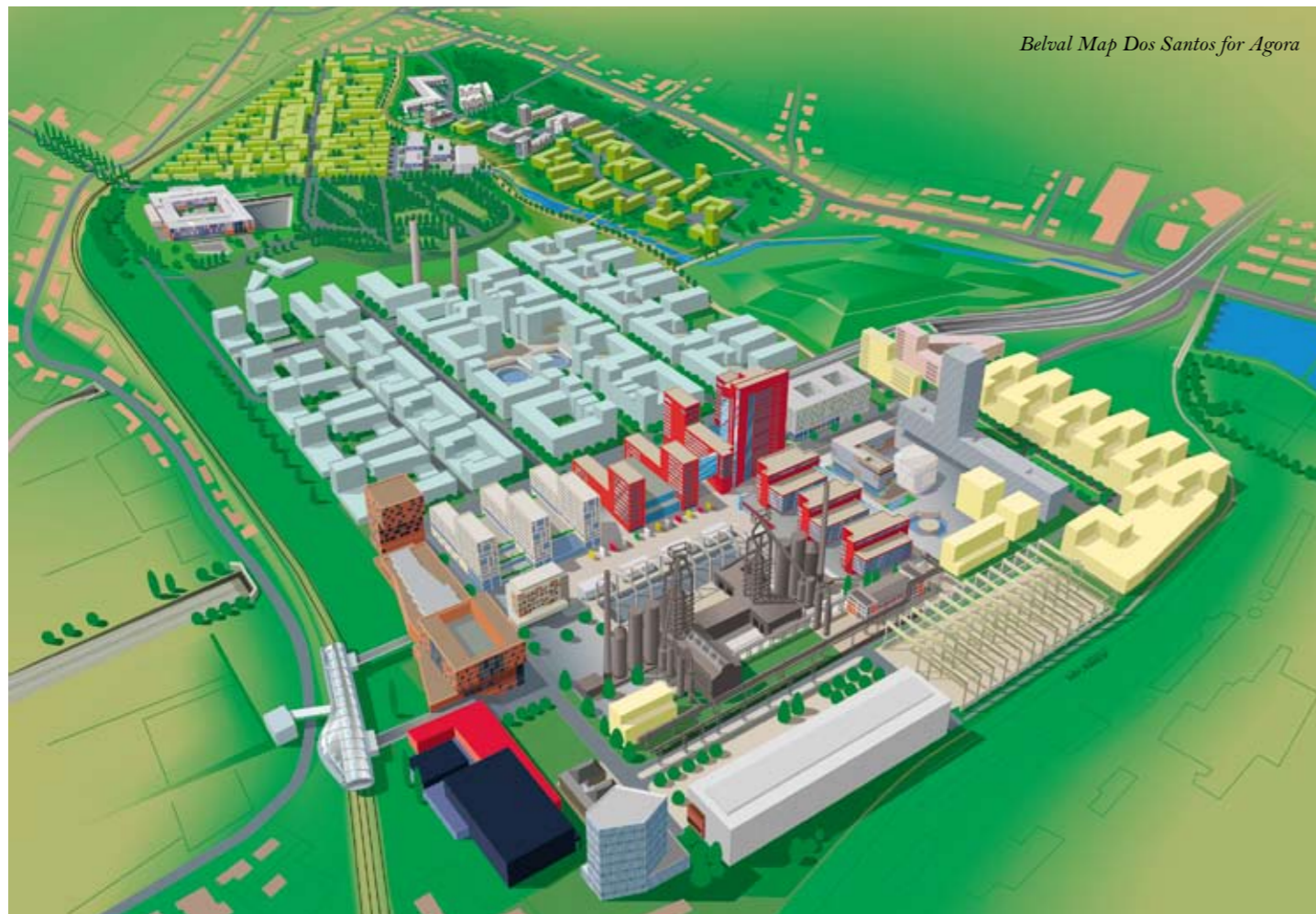
A unique Science Quarter is evolving at Belval in the south of the Grand Duchy. Located at the communes of Esch-sur-Alzette and Sanem, this former 120 ha large industrial spot is turning into a completely new way of urban living. A university, top research facilities and efficient companies are joining forces here to form an extremely innovative community. Against the backdrop of the old blast furnaces and surrounded by state-of-the-art architecture, scientists, students and entrepreneurs work side by side. This is where trends are set and contacts tapped. Belval is not only a place where the worlds of business and science converge but rather combine to become an entirely new universe promoting exchanges of ideas and communication.

A GROWING UNIVERSITY

Apart from the "Maison de savoir", the first building on the new campus which was presented at the end of 2007, a number of other buildings were also designed last year. The "Maison des sciences humaines" will be built close to the Dexia Tower. Its gross floor area (gfa) of

25,000 m² is split into two areas: one with the faculty and the other with four small towers, which will be used for student housing.

120 apartments for students and some 30 for researchers emphasize the idea of diversity at Belval.



Belval Map Dos Santos for Agora



Belval Plaza - source : Agora

The "maison des nombres", also approximately 25,000 m², is dedicated to Mathematical Sciences and Information Technology. It is combined with the "Maison des Arts et des Etudiants". Both buildings will be completed in time for the first phase of the Belval Campus around 2013.

AN AMBITIOUS LIFE SCIENCE RESEARCH PROGRAM

In April 2007, the government presented its Health Technologies action plan. The main aim of this plan was to establish Luxembourg as a prime location for high-end research and commercial activities in niche areas by leveraging existing industrial and research competences.

In June 2008, the government announced the outcome of this joint effort, namely a major initiative in the field of molecular diagnostics and personalized medicine. This involves strategic partnerships with two major U.S. research institutes:

- Translational Genomics Institute (TGen), Phoenix (AZ), led by Dr. Jeffrey Trent;
- Institute for Systems Biology (ISB), Seattle (WA), led by Dr. Leroy Hood;
- and with the Partnership for Personalized Medicine (PPM), an initiative led by Dr. Lee Hartwell.

The core of the initiative is the creation of a biobank in collaboration with TGen. The second part is a partnership with the ISB, which aims at creating a center of excellence in systems biology. The third and final part is a research project with the PPM on lung cancer.

The activity at the Belval site should start at the beginning of 2011 at the latest. Agora is currently preparing some solutions to integrate laboratories and spin-off companies in the development of the area.

SQUARE MILE – FIRST OPPORTUNITIES IN THE BUSINESS DISTRICT

It is no coincidence that one of the first big occupiers should be a research institute. CEPS, the leading institute for social studies in Luxembourg, have signed a LOI with private developer Multiplan to take up 7300 m² in Plaza Tower. CEPS intend to move by end of 2009.

The corner building of Technoconsult has also found an occupant. The national unemployment agency has signed a commitment for approximately 8000 m². The second of these developer's buildings



Technoconsult Source: Jean-Luc Lambert

consists of offices for medium-sized companies, and will also include 20 to 30 apartments.

The ambitious Hyper Green office building by Everop is going into the final design phase. 23,500 m² gfa are split into 16,500 m² office space, 4,500 m² for residential use and 2500 m² for retail and restaurants.

This building sets a new standard in office development in Luxembourg, combining design, human well-being and energy reduction with the use of renewable energy, all to be accessible at standard market prices.

In order to realize this energy efficiency, the installations are specially designed to achieve reductions in energy consumption of at least 40%. The remainder is to be generated by photovoltaic cells (in the preliminary design on the roof) and the use of residual heat by the local heat distribution network.

OUTLOOK: THE CENTRAL SQUARE

Agora is preparing the development of one of the most important parts of the Belval Area: the Central Square. Up to 200,000 m² gfa can be built around the old cooling water basins and the historic chimneys with retail, offices and apartments.

Agora is to start the preparatory phase this year with an urban competition to define the quarter. Calls for offers for a number of plots can be expected over the coming years.



Jürgen Primm
Development Coordinator, Agora

MORE INFORMATION :

Website : www.belval.lu / www.agora.lu

THE UNIVERSITY OF LUXEMBOURG IN BELVAL

The University of Luxembourg is currently divided between three sites: Kirchberg, Limpertsberg and Walferdange. However, this is about to change: in a few years, the university will find a new home on the Belval-West brownfield site in the ultramodern "Cit  des Sciences" (Science Park), located at about 20 km south of the capital.

The Science Park is the flagship project in the restructuring of the industrial wastelands of southern Luxembourg, for which the State intends to boost its investments, both public and private, and the renaissance of socio-economic activities. Where once the chimneys of the blast furnaces stood tall, in coming years intellects will likewise tower. "I expect that the future mind-boggling landscape punctuated by the steel-mills, the tower of the "Maison du savoir" and the Dexia high rise will liberate the forces of creativity that we want our university to be proud of," adds Rolf Tarrach, Rector of the University of Luxembourg. A modern blend of research and teaching, work and leisure, industry and trade, homes and culture is due to arise on the roughly 120 hectare site of the erstwhile largest steelworks of Luxembourg.

The Science Park program is organized around higher education and research, student life, the activity of "start up" companies, secondary education, state services and administration as well as cultural life, sports and leisure. Investment is worth 1 billion Euro.

The Science Park project, the development of which is planned over a period of 15 to 20 years, is a major construction project which includes the completion of around 25 projects on a total surface area of 27,34 hectares. The Science Park will host over 7.000 students and 3.000 teachers and researchers.

Maison de Sciences Humaines House of Human Sciences Source: Le Fonds Belval



In December 2005, the Luxembourg government chose the Belval site as the single site of the University of Luxembourg. Initially, two of the three faculties, the Faculty of Language and Literature, Humanities, Arts and Education and the Faculty of Science, Technology and Communication will be moved to Belval. A decision has yet to be taken over the final location of the Faculty for Law, Economics and Finance. The Public Research Centers will join the faculties on the site to together make up the Science, Research and Innovation Park.



Maison du Savoir House of Knowledge Source: Le Fonds Belval

The university and research infrastructures will be concentrated at the "Terrasse des Hauts Fourneaux". At the heart of the "Cit  des Sciences" is the central auditorium, the 41,000 m² "Maison du savoir" (House of Knowledge). University and research buildings will be constructed in different phases; the due date for start-up of the first infrastructures is 2012. The "House of Knowledge" is the first university building to be built; construction is foreseen to start in 2009. Besides the House of Knowledge, the House of Human Sciences, the House of Numbers and the House of Engineering already have an architect, too.

The university's research buildings and the public research centers will be grouped in thematic "poles", directly next to a start-up center. Those whose work has something in common should work closely together – that is the concept for science, research and development in the 21st Century. "The new campus will offer us a unique opportunity of doing better by doing differently, in a targeted way, as certainly differently we will do!", concludes Rolf Tarrach.

The University of Luxembourg, created in 2003, is a dynamic and flexible university, focused on research. Currently, it offers 11 Bachelor and 20 Master degrees as well as PhD programs and it has around 4.500 students.

FOR FURTHER INFORMATION,
please check out the website
WWW.UNILLU

CRP HENRI TUDOR TECHNOPORT SCHLASSGOART

Ten years of successful presence in the Southern region of Luxembourg thanks to structured activities with local companies and organizations

Created in 1987 to improve and strengthen the innovation capacity of enterprises and public organizations, the Public Research Center Henri Tudor has been active for ten years in the Southern region of Luxembourg and will definitely settle down in Belval in 2012. On the eve of the tenth anniversary of Technoport Schlassgoart, it's time to reminisce...

BORN IN TIMES OF CRISIS

In 1998, CRP Henri Tudor seized the opportunity given by the iron and steel industry tripartite of 1996 to create in Esch-sur-Alzette, at a location called "Schlassgoart", an integrated technology campus regrouping all the links of the innovation chain from high-level training to applied research, including doctoral research, high-tech business incubation and network activities. The concept was not new, as five years earlier CRP Henri Tudor tried without success to set up a technology campus in Luxembourg-Kirchberg. In Esch-sur-Alzette, however, all the conditions were grouped together to make this pilot project a success, from political and local support – the Ministry of the Economy and Foreign Trade, the Ministry of Culture, Higher Education and Research and the City of Esch-sur-Alzette are long-term partners of Technoport Schlassgoart – to the direct sponsorship of the ARBED group, interested in CRP Henri Tudor's take-over of its precious materials' testing activities. For CRP Henri Tudor, this take-over was based on the possibility to add value by creating a laboratory for industrial technologies and an incubator for technology-based companies, both joined a few months later by other activities like a resource center for environmental technologies and a technology watch center.

MORE THAN 380 HIGH-LEVEL JOBS CREATED

In the past ten years, all the activities at Technoport Schlassgoart in Esch-sur-Alzette expanded. Today they comprise:

- The incubation of high-tech enterprises through its department Technoport@ which hosts 13 start-ups. 12 enterprises have already left the incubator as success stories, such as LuxScan Technologies, Secure-Wave, Jamendo, Conostix.
- Activities on the whole life cycle of materials: innovative materials, analytical and instrument engineering, process engineering, materials trials and characterization, metrology and modeling and simulation of materials through the Laboratory for Industrial Technologies (LTI).
- Activities in environmental technologies: multi-criteria assessment and environmental management, clean technologies and process engineering as well as environmental modeling thanks to the Resource Center for Environmental Technologies (CRTE). CRTE also functions, on behalf of the Luxembourg government, as central point of contact for Luxembourgish enterprises regarding requests on REACH (Registration, Evaluation, Authorization and restriction of Chemicals).

About 120 high-level jobs were created in Esch-sur-Alzette within the Center's activities, not to mention the 260 jobs created by the 25 member companies of the Technoport Innovation Network, which includes twelve success stories of former start-up companies rooted in the high-tech incubator.

Contributing to the regional and international influence of the Southern region of Luxembourg

Technoport Schlassgoart has certainly contributed to exert the regional and international influence of the Southern region of Luxembourg as Technoport Schlassgoart is recognized Europe-wide as a success story. Technoport is a full member of the European BIC Network (EBN), European Space Incubator Network (ESINET) and of the International Association of Science Parks. Technoport was also the main driver behind the acceptance of the South Region within the European Innovating Regions Network.

CRP Henri Tudor's presence in the Southern region of Luxembourg is also at the origin of numerous projects conducted within the framework of the ERDF program of the European Commission, involving local companies, whatever their size.

THE FUTURE: BELVAL

Opting to settle down in Belval very early, in 2002, CRP Henri Tudor will settle down in Belval in 2012... with about 540 employees! CRP Henri Tudor will occupy three buildings:

- the House of Innovation, located between the Blast Furnaces, will host the headquarters,
 - an industrial type building for the Center's industrial activities,
 - an annex of offices.
- Besides these three buildings the high-tech business incubator of Belval will include the current Technoport@'s activities of incubation.

It is interesting to remember that both, Technoport and Belval, are direct consequences of the steel crisis and the recommendations of the 1996 tripartite.

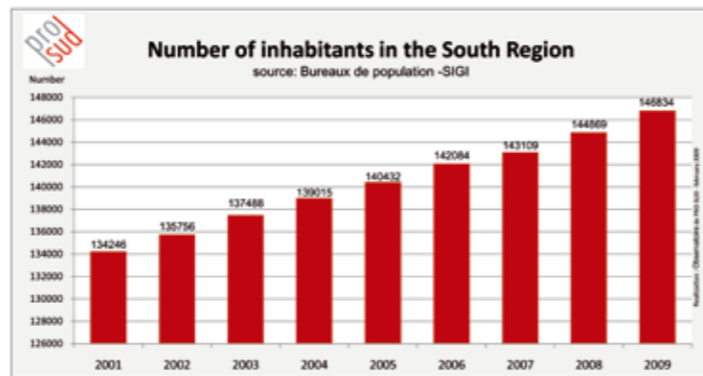
Monia Di Pillo and Christine Glaser,
Communication Department of CRP Henri Tudor

FOR MORE INFORMATION
please see the following websites:
WWW.TUDOR.LU
WWW.TECHNOPORT.LU
E-mail: info@tudor.lu

LUXEMBOURG'S SOUTH REGION

The South of Luxembourg, located at the borders with France and Belgium is one of the most important interfaces of Europe. Here is where Western and Central Europe meet, in a region with a high tradition as business location of industry and commerce. The most important trading centers of Central Europe are right on your doorstep: Paris, Brussels, Strasbourg and Frankfurt are in a 2 to 3 hours reach by car or train. Amsterdam, Strasbourg or the Rhine-Ruhr-Region in 3 to 5 hours. In only 20 minutes by car you'll be at Luxembourg's Findel Airport, ready for take-off worldwide.

The Luxembourg South region is historically known for its long-standing important industrial steel activity. The region was heavily touched by the steel crises in 1973/74, and the subsequent shift in the national economy towards the tertiary sector (services and financial institutions) which resulted in a strong concentration of economic activities in the center of Luxembourg. Luxembourg South is, however, regaining importance in the regional development discussions that are currently ongoing in Luxembourg.



Map: The South Region of Luxembourg, consisting of 12 municipalities united in a Regional syndicate embraces an area of 200 km².

The South strives self-confidently into the future. The revaluation and return to use of brownfield sites hold an enormous potential. Particu-



larly Belval, the huge reconversion area of the city of Esch and the Sanem municipality, offers in future a multitude of top-class technology firms and practically oriented institutes in close neighborhood, as well as the University of Luxembourg – that is, the best conditions for a cooperative exchange, for intensive knowledge transfer and profitable partnership.

The South offers optimal framework-conditions for economic engagement.

Easy access to the two most important markets of Europe strengthens companies' international competitiveness. Due to its long industrial history, the region disposes of skilled labor, guaranteeing quality. « Made in South Luxembourg » stands for production and services in the high-end sector.

SOUTH LUXEMBOURG – AN INNOVATIVE ECONOMICAL SITE

Luxembourg's South has a diversified economy and industry, as well as a natural and cultural heritage linked to the steel manufacturing activities. Since several years ago various initiatives for the creation and extension of numerous industrial activity zones have been put in place using nearly 300 ha of industrial wasteland.

One of the main objectives in the South is to attract industrial and high-tech companies. The Technoport project (www.technoport.lu) in Esch-sur-Alzette was the first high-tech business incubator established in Luxembourg. Nowadays there are two incubators in the South and a third one will open its doors in 2010 on the reconversion area of Belval.



The region counts today a population of about 146.800 inhabitants on 200 square km (about 30.000 inhabitants in the regional capital Esch-sur-Alzette). This represents approximately 30% of the national population, which makes the region the second most populated urban pole after Luxembourg City and its suburbs. The South region is the most densely populated area with 734 inhabitants/square km. It also hosts around 16% of the national total number of companies in Luxembourg (primary sector excluded).

Day by day the region successfully meets the challenge of optimizing its strength in the 21st century with research and development as a strong objective for its economy. This is emphasized by high-tech-industries and institutes such as CRP Henri Tudor, Gabriel Lippmann, CEPS-Insteas as well as the University Campus at Belval – but also by numerous companies producing in the South for the world market – extremely specialized, flexible and innovative.



THE LEARNING REGION

With the transfer of the University of Luxembourg's seat from the capital to the Belval site in the South starting in 2012, the region takes a crucial step in achieving this objective of its mission statement. The university integrates the elaborate network of more than a 100 private and public schools. The region offers all children and young persons optimal learning conditions from preschool to high-school. The future knowledge society demands lifelong learning. The region-based establishments of permanent professional education will keep everybody up to date.

LIVING IN THE SOUTH REGION OF LUXEMBOURG

„Work life balance“ is not an empty phrase in the South. Working hard and being successful demands as a countermove, time for relaxation and regaining of mental and bodily power. The offers for culture, sports and recreation are diverse and attractive.

The region fascinates with its multifaceted cultural heritage. There is culture for everybody and every age – concerts in the “Rockhal” at Belval, exhibitions in various galleries for art and photography and productions



at the renovated theater in Esch. But the South holds also to its roots. The former heavy industry has gone, but its heritage is cultivated. The many industrial monuments, which today, as tourist attractions, invite visitors in large numbers, are the very proof of it.

Also the architecture of the South is characterized by its economy. The iron and steel era's magnificent constructions still bear witness to the future optimism of those times, as does the inner city of Esch with its representative buildings of Historicism. Nowadays they melt into a new, modern architecture, which in itself stands for the emergence of a region.

STRONG ECONOMIC POWER, HIGH QUALITY OF LIFE, PROXIMITY.

The South of Luxembourg unites the best of the three working cultures of the Grand Region, which enter into a perfect symbiosis right here. Active persons who speak at least four languages are not unusual. Maybe that's exactly why the former steel region has handled the struc-

tural change as no other site in Europe. Next to the extremely specialized steel industry, many innovative firms characterize the region. A milestone for this change is the settlement of the University near the regional capital of the South.

A strong national and regional engagement is the basis for economic change. The region follows a mission statement on its own initiative and has opened an office for regional marketing and sustainable development.

The regional management of PRO-SUD is the partner to contact!

Photos credits : N. Schlichtenhorst, CRP Gabriel Lippmann, F. Manderscheid, D. Hardt, Municipality of Bettembourg, J. Clemes, PROJET Deep South de Sentiers Rouges-R. Gir

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THE SINGLE STATUS

The law on the single employment status, published at Memorial A n°60 on May 15, 2008, came into force on January 1, 2009, although the provisions governing the setting up of new institutions or the election of staff delegations have been enforceable since May 15, 2008. The law modifies the Labour Code and the Social Insurances Code, which becomes the Social Security Code in order to emphasize the preventive aspect of social security bodies' action. The law ends the distinction between blue and white-collar workers, dating back to the era of the booming steel industry. Many of the changes effectively repeal the regime applicable to blue-collar workers and assimilate them into the regime previously applicable to white-collar workers. Since a total and immediate assimilation could have been dangerous, some provisions - notably those concerning collective bargaining agreements - will be unified only after a transitional period.

The modifications to the Labour Code consist of a review of the provisions which provided for the distinction between blue and white-collar workers, beginning with Article L121-1, the first article concerning the employment contract and defining the concept of the white-collar worker. This definition is repealed. The expressions 'white-collar worker' (employé) and 'Blue-collar worker' (ouvrier) are automatically replaced by the term 'employee' (salarié) in the Labour Code. However, the derogation provisions from the common law provided for by the Labour Code concerning working hours of blue-collar workers employed in the hotel, restaurant and catering sector are still enforceable. Nevertheless, as the category 'blue-collar worker' no longer exists, such workers are now defined within the new framework as "employées other than those who perform a work of a nature that is if not exclusively, then at least principally intellectual".

SEVERANCE PAY

Severance payments for blue-collar workers with more than 20 years' service are aligned with those previously payable only to white-collar workers.

QUARTER OF FAVOUR

The spouse or partner of a "blue-collar worker" who dies will now receive the equivalent of three months of the deceased's salary, as will the spouse or partner of a "white-collar worker". In the event of such a death, in order to offset the financial burden on the employer, the surviving spouse pension (pension de survie) possibly received by the surviving spouse or partner by virtue of the pension insurance will be transferred to the employer as compensation during the quarter of favour. Children of the deceased will continue to benefit from this advantage regardless of age, as will ascendants for whom the deceased worker was financially responsible.

COLLECTIVE BARGAINING AGREEMENT

Until the end of 2008 undertakings were authorized, where necessary, to conclude one collective bargaining agreement for blue-collar workers and one for white-collar workers. Since January 1, 2009, employers have been invited, when negotiating collective bargaining agreements, to favour a single regime applicable to all employees. However, distinct collective bargaining agreements may still coexist within a company or sector until December 31, 2013.

Nevertheless, under the new rules it remains possible to exclude (for objective reasons) from some provisions of the collective bargaining agreement employees who are responsible for management and supporting functions not directly linked to the main activity of the company or sector.

OVERTIME

An employee will receive one and a half hours' time off for every hour of overtime worked. Hours of overtime can now be saved in an account, although the code does not specify the practical details of such arrangements. Consequently, companies are free to negotiate their terms. However, a bill on the subject has been announced by François Biltgen, the minister of work and employment.

If this compensation or banking time in an overtime account is not possible (for reasons inherent to the company or because no overtime account exists), or if the employee leaves the company before being compensated, overtime is paid at the rate of 140% per hour.

The code reverses the underlying principle whereby the premium is contemplated before the rest time in compensation. However, for practical purposes this provision does not significantly change the organisation of the company, since the employer ultimately decides whether it will grant a premium or rest time in compensation.

Finally, overtime remains tax exempt and is now exempted from social security contributions. This exemption applies to both the employee's and employer's share. Nevertheless, contributions for performance in kind on non-increased overtime will remain obligatory.

SUPPLEMENTARY PENSIONS

Owing to the funding System by capitalization peculiar to the supplementary pension schemes, the introduction of the single employment status does not automatically confer vested rights on persons for whom provisions have not been made or contributions have not been paid. Two legislative measures have been taken under which: (i) the personal scope of a pension scheme is not automatically extended by the introduction of the single employment status; and (k) Article 8 of the law on the supplementary pension regimes is modified with a view to enabling a differentiation between schemes based on the date of their entry into force or date of admission to a pension scheme.

PUBLIC HOLIDAYS

It is no longer necessary to notify the Labour Inspectorate in the event of one or more employees working on a public holiday.

LEAVE FOR FAMILY REASONS

The extension of leave for family reasons is limited to a total of 52 weeks.

LEAVE FOR SOCIAL MANDATES

In addition to special leave policies already in existence, the code introduces policies for mandate holders and assessors with obligations to take their seats in:

- a professional chamber;
- an organ of a social security institution;
- the Labour Court;
- the Social Insurance Arbitration Council; and
- the Higher Social Insurance Council.

A maximum of four working hours per meeting is permitted for employees taking this kind of leave.

ORGANIC CHANGES

All bodies which represented blue-collar workers and white-collar workers distinctly have been merged. The new bodies are: the Employees'

Chamber, the new National Health Service, and the National Pension Service. The blue and white-collar worker sections of the Labour Court have also merged.

SICKNESS LEAVE

The employer must in all cases be responsible for an employee's first 77 days of sickness during a 12-month reference period (without distinguishing whether the sickness period is interrupted by a period of work and without distinguishing between blue and white-collar workers), as well as the end of the month during which the 77th day occurs. According to a communication from the Health Insurance Company, the 12-month period is deemed to begin in 2008.

Overtime is no longer taken into account for the calculation of the wage to be paid to the employee during that period. The employer will be reimbursed by the new Employers' Mutual Insurance Fund at the rate of 80% of the wage declared to the Joint Centre of Social Security Institutions, in some cases the payment will be equivalent to 100% (in case of leave for family reasons, for the first three months of a trial period and in case of leave to accompany the end of a life).

At the end of December 2008, each employer was sent information relating to the contribution rates that it must pay to the Employers' Mutual Insurance Fund through the Joint Centre of Social Security Institutions.

In order to enable the Joint Centre of Social Security Institutions to calculate sickness allowances, employers must separately declare the base remuneration and extra payments and accessories paid to their employees during sickness.

Sickness allowances in progress on December 31, 2008 will continue to be paid according to former legal, regulatory and statutory provisions, as long as the incapacity to work continues without interruption. The employee will be entitled to calculate sickness allowances starting in 2009 on the basis of the average base of contributions of the entire period during which he or she was affiliated by reason of the same employer in 2008, if this calculation is more favourable than that resulting from the new régime (where the allowance is calculated based on the highest base remuneration of the last three months preceding sickness, and on the average of extra payments and accessories on the last twelve months). The 77-day and 12-month reference periods used to calculate the base remuneration and the extra payments and accessories began on January 1, 2009.

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ELECTRONIC SYSTEM FOR TRAVEL AUTHORIZATION (ESTA) AND DATA PRIVACY - FAQ

Q: How will the U.S. government protect the privacy of ESTA data and who will have access to it?

A: Information submitted by applicants through the ESTA Web site will be subject to the same strict privacy provisions and controls that have been established for similar traveler screening programs. Access to such information is limited to those with a professional need to know.

Q: How long will ESTA application data be stored?

A: ESTA application data will remain active for the period of time that the approved ESTA is valid, which is generally two years, or until the traveler's passport expires, whichever comes first. DHS will then maintain this information for an additional year after which it will be archived for twelve years to allow retrieval of the information for law enforcement, national security, or investigatory purposes. Once the information is archived, the number of officials with access to it will be further limited. This retention is consistent both with U.S. Customs and Border Protection's (CBP's) border search authority and with the border security mission mandated for CBP by Congress. Data linked to active law enforcement lookout records, CBP matches to enforcement activities, and/or investigations or cases, including applications for ESTA that are denied will remain accessible for the life of the law enforcement activities to which they may become related.

As DHS transitions to a paperless I-94W, the ESTA application data will replace the data that is collected via the paper I-94W. In those instances where ESTA application data is used in lieu of the information collected via the paper I-94W, the ESTA application data will be maintained in accordance with the retention schedule for the I-94W, which is 75 years.

Q: Will DHS share ESTA data with others?

A: The information collected by and maintained in ESTA may be used by other components of DHS on a need-to-know basis consistent with the component's mission.

Under current agreements between DHS and the Department of State (DOS), information submitted during an ESTA application may be shared with consular officers of DOS to assist them in determining whether a visa should be issued to an applicant after an ESTA application has been denied.

Information may be shared with appropriate federal, state, local, tribal, and foreign governmental agencies or multilateral governmental organizations responsible for investigating or prosecuting the violations of, or for enforcing or implementing, a statute, rule, regulation, order or license, or where DHS believes information would assist enforcement of civil or criminal laws. Additionally, information may be shared when DHS reasonably believes such use is to assist in anti-terrorism efforts or intelligence gathering related to national or international security or transnational crime. All sharing will remain consistent with the Privacy Act System of Records Notice, which was published in the Federal Register on June 10, 2008 and, is available on the DHS Web site.

While carriers will not receive the ESTA application information that travelers provide to DHS, they will receive confirmation of a passenger's ESTA status via the Advance Passenger Information System (APIS)/APIS Quick Query system indicating whether an ESTA is required and whether authorization has been granted.

Q: Will DHS use application data for any purpose other than determining eligibility for an ESTA?

A: DHS will use the application data to screen the individual before granting authorization to travel to the United States under the VWP. As part of this screening process, information that identifies suspected or known violators of the law and other persons of concern will be provided to the appropriate law enforcement, national security, and/or counter-terrorism agency.



U.S. Customs and Border Protection

All Visa Waiver Program (VWP) travelers are now required to obtain a travel authorization via the Electronic System for Travel Authorization (ESTA) prior to traveling to the U.S. under the VWP. ESTA is now accessible online at <https://esta.cbp.dhs.gov> for citizens and eligible nationals of VWP countries.

The VWP allows visitors from participating countries to travel to the U.S. for business or pleasure for 90 days or less without first obtaining a visa. ESTA enhances the security of the VWP and has allowed the U.S. Government to expand membership in the program.

What is the Electronic System for Travel Authorization?
ESTA is an automated system used to determine the eligibility of visitors to travel to the United States under the VWP. It requires the same information as the paper I-94W form that VWP travelers currently fill out en route to the U.S.

Why is a travel authorization via ESTA required for VWP travelers?

U.S. legislation required the Department of Homeland Security (DHS) to implement an electronic travel authorization system and other measures to enhance the security of the VWP. ESTA adds a layer of security that allows DHS to determine, in advance of travel, whether an individual is eligible to travel to the United States under the VWP and whether such travel poses a law enforcement or security risk.

Who needs to submit an electronic travel authorization?

All nationals or citizens of VWP countries who plan to travel to the U.S. for temporary business or pleasure for 90 days or less under the VWP will need authorization via ESTA to travel to the U.S.

How do I apply for authorization to travel to the U.S.?

To apply for travel authorization, please visit <https://esta.cbp.dhs.gov/>. Answer all required questions and submit your application for travel authorization.

My English skills are not very good. Will there be translations?

Yes. The ESTA Web site, including the help section, is currently available in multiple languages, though all application responses must be provided in English.

Electronic System for Travel Authorization Modernizing the Visa Waiver Program

Countries Currently enrolled in the Visa Waiver Program are:

Andorra	Lithuania
Australia	Luxembourg
Austria	Malta
Belgium	Monaco
Brunei	The Netherlands
Czech Republic	New Zealand
Denmark	Norway
Estonia	Portugal
Finland	Republic of Korea
France	San Marino
Germany	Singapore
Hungary	Slovakia
Iceland	Slovenia
Ireland	Spain
Italy	Sweden
Japan	Switzerland
Latvia	United Kingdom
Liechtenstein	

Can someone else apply for me if I don't have access to the Internet?

Yes, a friend, relative, personnel in the travel industry, or another third party may file an application on your behalf. However, the traveler is responsible for the truthfulness and accuracy of all information submitted on his or her behalf.

What information does a traveler need in order to complete the travel authorization form?

The traveler must provide biographical data including name, birth date, and passport information, as well as answers to questions regarding eligibility to travel under the VWP. Again, all answers must be submitted in English.

Is there a fee to obtain travel authorization?

No, the U.S. government is not currently collecting a fee for ESTA applications. However, there may be an application fee in the future.

FACT SHEET

For more information, visit www.cbp.gov/esta or email esta@cbp.dhs.gov.



RISKY BUSINESS - HOW COMPANIES CAN MANAGE TRAVEL RISK

Businesses are taking more steps to look after their travelers but there is usually little joined-up thinking behind their efforts. A forthcoming Advito white paper explains why companies should adopt a systematic, strategic approach to travel risk management – and how to do it.

The exposure of company executives from around the world in last November's Mumbai incident was a horrifying demonstration of the risks attached to corporate travel.

It was also a reminder that travelers' employers need to manage those risks – not normally on the top of the organizational agenda, according to Torsten Kriedt, vice president, Innovation & Intelligence for Advito, the consulting division of BCD Travel.

"The good news is that companies are becoming more aware of their duty of care and introducing tactical measures to help their travelers," he says.

"Examples include tracking systems, such as BCD Travel's Decision Source: Security Manager, which allows travel managers to identify which employees are traveling or seconded in the world.

"The bad news is that most businesses are not showing evidence of joined-up, strategic thinking about managing travel-related risks. We believe companies should be launching programs to identify, assess, mitigate and audit travel risk in a much more systematic way. To help them with this task, Advito will launch a white paper in the next few weeks, explaining how and why companies should take the first steps towards creating a travel risk management (TRM) program," says Kriedt.

The white paper explains that business travel is inherently risky because it places employees in unfamiliar and/or disadvantageous environments. For example, travelers often stand out from the local population, and they also have to deal with unfamiliar laws and customs, such as driving on the wrong side of the road. Fatigue through jetlag or long hours of journeying can also prove a threat. Kriedt notes, "The focus should not only be on international travel, as domestic components such as transportation to/from the airport also carry risks that – even though less dramatic – occur quite frequently."

However, while duty of care to the traveler – covering health, safety and security – is perhaps the most important aspect of TRM, there are other types of travel-related risk which can also harm a business. Examples include loss of data if a traveler's laptop is stolen, financial loss caused by abuse of travel expenses and even reputational damage caused by travel-related greenhouse gas emissions.

According to Kriedt, the breadth of these different types of risk partly explains why there is often a lack of strategic oversight. "Travel risk touches many different departments within an organization, including travel, security, human resources and legal," he says. "Getting a program off the ground depends on coordinating input from all of them."

The forthcoming white paper outlines a six-step process which can be used by travel managers, security managers and other interested internal stakeholders to get their TRM strategy started.

STEP 1. ASSIGN MANAGEMENT RESPONSIBILITY

- Four types of stakeholders are required to drive the strategy: an initiator, a senior sponsor, a stakeholder with accountability and a project manager (the same person may perform more than one of these roles).
- A project team will need representatives from each relevant department, including travel, security, HR, legal and medical.
- Outsourcing provides crucial aspects of the TRM program unavailable internally in terms of expertise, intelligence, technology, resource and impartiality. Key third parties are specialist travel management companies, travel security providers and medical assistance organizations.

STEP 2. DETERMINE RISK TYPES

Create a matrix outlining risk types likely to be relevant to your organization. It may look something like this:

Risk to personnel	Security (crime/civil unrest) Security (terrorism) Safety Health (illness) Health (stress)
Risk to reputation	Failure in duty of care to employees Carbon footprint Misuse of travel expenses Unethical conduct by travelers
Risk to data/equipment	Protecting data carried by employees while traveling Protecting data collected about employee travel Lost, stolen or damaged baggage, equipment and personal items
Legal risk	Duty of care/health & safety legislation Data protection regulations Failure to comply with tax laws Illegal activity by travelers
Financial risk	Financial penalties of exposure to legal risk Misuse of travel expenses
Risk to productivity/effectiveness	Lost, stolen or damaged baggage, equipment or personal items Inadequate technology/support for travelers Failure to meet immigration requirements



STEP 3. ASSESS RISK EXPOSURE

- Strategic – Assess the effectiveness of your TRM capability today against good practices and what improvements you must make to evolve into a mature TRM program.
- Tactical – Develop the matrix above to plot your organization's specific exposure to each threat type (e.g., safety risk: driving after a long-haul flight).

STEP 4. MANAGE

All of the identified risks can be managed through one or more of the following basic techniques, known as the Four Ts: • Treat (eliminating or containing risk through internal controls)

- Transfer (persuading or paying a third party to take the risk, e.g. insurance)
- Terminate (ceasing the activity)
- Tolerate (accepting the risk without further mitigation)

Tools used specifically for mitigation of travel risk include:

- Process – recruitment assessment; automated response (e.g. triggering of approval requirement) at booking stage; traveler tracking system; traveler profiles
- Process/Information – policy
- Information – security tips; destination information
- Planning – crisis management
- Risk transfer – insurance; medical assistance

On the matrix, managers can now enter one or more mitigating action for each specified risk exposure. For example, driving after a long-haul flight can be mitigated by stating in policy that travelers must either use a taxi or not drive until the following day (Treat).

STEP 5. COMMUNICATE

Having a good TRM program is not enough. Travelers must be made aware of it through a carefully managed, relevant communications program.

STEP 6. AUDIT

Techniques for monitoring and ensuring the continuity of the TRM program include:

- Creating a multi-disciplinary TRM steering group.
- Benchmarking capability and effectiveness regularly against good practices.
- Seeking input from senior management on likely new destinations.
- Collating traveler feedback on risk-related issues.
- Reviewing policies and procedures when incidents happen.
- Ensuring policy compliance remains high.

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LUXEMBOURG DATA PROTECTION LAW: ONE YEAR ON FROM THE 2007 REFORM

More than a year after the entry into force of an important reform (the “Reform”) of the Luxembourg data protection act of 2 August 2002 (the “Act”) we now have the benefit of hindsight and can assess the impact of the Reform on this complex piece of legislation, taking into account both its positive aspects and its more regrettable shortcomings.

LUXEMBOURG DATA PROTECTION LAW IN A NUTSHELL

Historically, Luxembourg was one of the first countries in the world, in 1979, to adopt comprehensive legislation on data protection. When implementing the key EU directive on this matter (directive 95/46/EC or the “Directive”), the Luxembourg legislature took a very restrictive view and has enacted stringent provisions, adding to the (already exacting) requirements of the Directive.

Basically, any act involving the processing of personal data is now subject to a number of rules and principles and must (barring a few exceptions) either be notified to the Luxembourg data protection authority (Commission nationale pour la protection des données, the “DPA”) or be authorized by it, while a Luxembourg company is prohibited, as a matter of principle, from processing personal data unless these rules and principles are respected. Luxembourg companies are bound in particular to ensure that:

- they process only adequate, relevant, proportional, up-to-date and accurate data;
- they do not retain data in a form that will identify data subjects for longer than is necessary;
- data are processed for specified, explicit and legitimate purposes and not processed further in a way that is incompatible with these purposes; and
- acts of processing are strictly proportionate to these purposes.

Certain categories of processing, in particular the technical monitoring of individuals (but also the processing of sensitive, health-related or judicial data), can only take place in a limited number of circumstances and are subject to more stringent rules, including the need to obtain the prior authorization of the DPA rather than just the submission of a simple notification. In line with the Directive, the Act sets out restrictions on the transfer of personal data outside of the EU and certain “assimilated” countries (including to the USA, subject to a few exceptions).

In addition, Luxembourg companies are obliged to inform data subjects of the existence and conditions of the processing of their data, and to allow them to access and rectify their data where necessary. In certain circumstances, data subjects also have the right to object to the processing of their personal data.

Finally, Luxembourg companies are required to implement adequate security measures to guarantee the safety and confidentiality of data. Criminal sanctions could, for instance, be applied to a company attacked by a third party (say, a hacker) if such an attack results in a disclosure of personal data processed by this company (such incidents have recently hit the headlines in other countries).

Indeed, administrative and criminal sanctions, including imprisonment and fines of up to EUR 125,000, apply in the event of a breach of most provisions of the Act (including those detailed above).

WHAT DOES THE REFORM CHANGE?

The purpose of the Reform was to simplify procedures and reduce paperwork, whilst maintaining the same, very high, level of protection for personal data.

The main results of the Reform could be classified as follows: nine useful improvements, six ineffective/potentially harmful changes and one (major) missed opportunity.

USEFUL IMPROVEMENTS

(1) Legal entities’ “personal data” are no longer protected; such protection had been a feature specific to Luxembourg and a couple of other countries but was of no real benefit.

(2) The definition of a data subject’s consent has been amended and so is now in line with the Directive, making implied consent possible in Luxembourg for the first time. This change was widely anticipated by the e-commerce sector.

(3) It is now possible to monitor third parties (e.g. by means of a CCTV system) to protect a company’s assets in the case of a significant risk of theft or vandalism. Prior to the Reform, only employees could be monitored for this purpose (sic).

(4) The CCTV monitoring of third parties without the recording of data is no longer subject to an authorization from the DPA, which makes it easier to adapt certain CCTV systems to achieve compliance.

(5) An employee can now be appointed as a Data Protection Officer or “DPO”. It is generally advisable for companies carrying out large, complex and ongoing processing of personal data to appoint a DPO. Experience shows that this can help to improve compliance.

(6) Luxembourg companies are no longer required to file an annual report on the security of their processing systems, which should help to reduce paperwork.

(7) The Reform establishes stricter rules on the processing of biometric and genetic data, which is now always subject to the DPA’s prior authorization.

(8) The Reform sets out exemptions to the duty of notification (which previously applied in principle to all acts of processing, except those subject to the DPA’s authorization). Exemptions are now available for a number of standard or harmless acts of processing. However, although this idea is excellent, the practical impact of these exemptions will probably remain limited (see below).

(9) Finally, the Reform achieves a number of minor clarifications of the Act (too many to be detailed), which enhance its overall consistency.

INEFFECTIVE/POTENTIALLY HARMFUL CHANGES

(1) Information on the retention period for data is no longer required in filings. This will be useful, as a number of companies do not hold this kind of material. However, in practice the DPA continues to require such information in certain types of authorization request.

(2) The processing of sensitive data (e.g. political opinions, religious beliefs, health-related data) is no longer subject to prior authorization from the DPA. This results in a reduction in the level of protection for citizens’ privacy while the practical use and relevance of this measure for businesses is effectively nil.

(3) The definition of “monitoring” has been amended and is now significantly broader. This will probably create problems for certain companies (see below).

(4) The definition of “combination of data” (interconnection), which was not clear in the first place, has simply been removed and no replacement provided. At the same time, the (strict) legal regime applicable to it continues to apply, creating legal uncertainty.

(5) No deadline limits have been imposed on the DPA for processing filings and authorization requests. Mechanisms to achieve this had been discussed by the Luxembourg Parliament, but have ultimately not been enacted, and this is a shame as such a measure would have been useful to businesses. It must be noted, however, that the DPA has recently improved its reaction times significantly.

(6) Most of the above-mentioned exemptions to the duty of notification, which could have been useful in reducing paperwork, are conditional, and the related conditions are unclear. In addition, no guidance is available on how to interpret these conditions, causing significant legal uncertainty (and risks, as an erroneous interpretation of an exemption and a consequent failure to notify are theoretically subject to criminal sanctions). This explains why Luxembourg companies tend not to rely on these exemptions and continue to file notifications with the DPA.

A (MAJOR) MISSED OPPORTUNITY

The Reform was expected to create more flexibility in the regime applicable to monitoring activities, in particular as it is applied to employees.

Indeed, Luxembourg rules applicable to the monitoring of employees are extremely strict, making it difficult for employers to carry out the kinds of acts of monitoring that are generally considered to be standard and legitimate in other EU countries. In addition, the DPA usually applies a conservative approach to these rules, which adds to the problems generally encountered by Luxembourg companies.

It is in particular very difficult for Luxembourg companies to monitor the use of e-mail and Internet facilities by their employees while remaining in compliance with the Act and with the DPA’s policy.

It was widely expected that the Reform would create new opportunities for monitoring employees (for instance, where this is necessary to avoid or limit a company’s liability or exposure) but instead of this, the Reform has merely changed the definition of monitoring. This new definition (“any activity conducted by means of technical devices and which consists in the non-occasional observation, collec-

tion and/or recording of personal data of one or several data subjects in relation to their behaviour, movements, communications or use of electronic devices or computers”) is wider than the previous one. In particular, the term “behavior” has a very broad meaning and could, for instance, cause certain types of behavioral profiling techniques used in the e-commerce sector to fall within the scope of monitoring activities.

In addition, the term “non-occasional” is not clear (all the more so because no guidance is available on how to interpret it) and could create a false sense of compliance on the part of Luxembourg companies who carry out “punctual” verifications. It is doubtful, for instance, that verification of an employee’s use of the Internet over, say, the previous month, could be considered an occasional monitoring activity (enabling a company to proceed to this verification without the DPA’s authorization). Any such verification carried out without the DPA’s authorization could lead to criminal sanctions for the managers of a Luxembourgish company.

The Reform presented a unique opportunity to make the life of Luxembourg companies easier by allowing them to carry out reasonable monitoring activities through a simplified procedure, but it is anticipated that the DPA will now adopt a new, more flexible, approach to these issues in the next few months by way of compensation for the Reform’s major shortcomings.

CONCLUSION

The Reform was ambitious and widely anticipated. It had laudable intentions (greater adherence to the Directive, maintenance of the level of protection, reduction of paperwork) and has indeed succeeded in certain respects, such as in allowing businesses to use the “implied” consent of a data subject to carry out certain acts of monitoring or to monitor third parties to protect assets, but it has signally failed to reduce paperwork, whilst notification exemptions remain complex and risky to use. In addition, while it has retained the same level of protection, it has also produced weaker controls over sensitive data processing.

Finally, the Reform has failed to provide more flexibility for businesses (whereas “reasonable” monitoring of employees still makes it very difficult for them to achieve compliance) and the Act fails to give much room for maneuver to the DPA, even following the Reform. This is unfortunate, as greater flexibility would allow the DPA to mitigate the strict requirements of this complex piece of legislation.

Cyril Pierre-Beausse
Avocat à la Cour, Allen & Overy Luxembourg



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2008/09 STUDENT ESSAY CONTEST AWARDS CEREMONY AND INAUGURATION DAY EVENT



To celebrate the Inauguration of President Barack Obama, the U.S. embassy invited students from 19 high schools in Luxembourg to participate in a special awards ceremony - hosted by Ambassador Ann L. Wagner - to coincide with the Inauguration ceremonies in Washington, DC. 195 students who participated in the Embassy essay contest, "Dear American President-Elect" were invited to the Embassy on January 20, 2009. Twenty five students were awarded prizes, which were partially sponsored by three local businesses, Libo bookstore, Utopia theaters and Sotour travel agency. Students from the following schools participated in this year's contest:

LTAM; Neie Lycée; St. George's International School; Lycée Classique d'Echternach; Lycée Hubert Clement Esch; EPND; Ecole Privée Fieldgen; Athénée de Luxembourg; Lycée Michel Rodange; Lycée des Garçons; International School of Luxembourg; LGE; Lycée Michel Rodange; Ecole Privée Sainte Anne Ettelbruck and Lycée Aline Mayrisch.

Each year, the U.S. Embassy sponsors an essay contest to reach out to young people in Luxembourg. Last fall, since it seemed the attention of the whole world was focused on the Presidential election in the United States, the Embassy decided to ask students to write a letter to the next American President telling him about Luxembourg, or their home country, and to explore the relationship between those two countries.

The response from students was overwhelming in terms of numbers, quality, diversity and creativity. Students wrote about the wide range of cultural backgrounds from which they come, representing the rich diversity of the Grand Duchy. In addition to Luxembourg, students wrote about more than a dozen other countries to which they have ties, including: Portugal, Italy, Montenegro, Tunisia, Taiwan, Iran, England, Poland, Germany, France, Spain, the Netherlands, Belgium and others.



Many students wrote about the immigrant experience: That of Luxembourgers who once immigrated to the United States or that of Luxembourg as a modern-day nation of immigrants itself. Since many students wrote their essays after November 4, when it was known that Barack Obama had been elected 44th President of the United States, they described the hope and inspiration this historic election brings to them. Some wrote from the perspective of being minorities in a foreign land – Luxembourg – expressing the renewed hope that a child of immigrants can rise to great things anywhere in the world.

Others wrote about the role of the United States in helping to liberate Luxembourg during two world wars. Many students touched on the national motto that Luxembourgers cherish: Mir welle bleiwe wat mir sin. It was wonderful to read the pride with which students described their homelands, be it the ties our countries share as co-founders of NATO and the United Nations, or in describing Luxembourg as the "Green Heart" of Europe. The Embassy received thoughtful essays from students bringing up provocative current issues, like a Polish student describing U.S. visa policies and the Missile Defense Shield, a Tunisian student who wrote about U.S. - Arab relations and an Iranian student who highlighted the vast cultural and historical ties between the U.S. and Iran and her hope for dialogue and understanding. Some students wrote about climate change and the wars in Iraq and Afghanistan.

Following the awards ceremony, the students attention was turned to a live television broadcast of the Inauguration of the 44th President of the United States of America.



U.S. PRESIDENTIAL INAUGURATION PARTY WITH DEMOCRATS ABROAD LUXEMBOURG



To celebrate the Inauguration of the 44th President of the United States, Barack Obama, the Democrats Abroad Luxembourg, with the support of the American Chamber of Commerce in Luxembourg, organized the Inauguration Reception on January 20, 2009, at the Sofitel Luxembourg Europe hotel in Kirchberg.

Christine Heinerscheid, President of Democrats Abroad in Luxembourg welcomed about 180 participants of American and European origin, who had gathered to view the live broadcast of the inauguration ceremony. The guest of honor was the Honorable Paul Helming, Mayor of Luxembourg City who was accompanied by his wife and daughter. During the cocktail reception that followed the viewing, guests enjoyed lively conversations on their impressions of this historic event...

Left to right: Christine Heinerscheid, Paul Helming, Paul-Michael Schonenberg



Interested in more background details? The following websites offer a wealth of information on the Inauguration Ceremony and on the Whitehouse and new U.S. Administration:

<http://inaugural.senate.gov/> **Joint Congressional Committee on Inaugural Ceremonies (JCCIC)**



Headed by Senator Dianne Feinstein, the JCCIC planned and executed all Inaugural activities at the United States Capitol, including the Inaugural swearing-in ceremony of the President and Vice President of the United States and the traditional Inaugural luncheon that follows.

The above-mentioned website allows you to see details on the

Inauguration Ceremony reaching from historic information to details of the current events, including the recipes, flower arrangements and chinaware served and used at the Inaugural Luncheon...

www.inauguration.dc.gov/ **District of Columbia's website on the Inauguration**

Find photo galleries and many fun facts regarding the Inauguration Ceremony on this website.



www.whitehouse.gov **The official website for the Whitehouse and President Barack Obama, the 44th President of the United States**

Turn to this website for anything you would like to know about the Whitehouse: Official Statements, President Obama's Weekly Address, the Agenda of the new Administration, information on the political system of the United States and even fun facts such as "First Pets". As President Obama is committed to creating one of the most accessible administrations in American history, the website offers a feature to contact the Whitehouse via e-mail.

Photos: Michele Jamrozik



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IF YOU ARE LOOKING FOR BACKGROUND INFORMATION ON THE GRAND DUCHY OF LUXEMBOURG IN ENGLISH, AMCHAM LUXEMBOURG CAN OFFER YOU TWO EXCELLENT SOURCES:

WHY LUXEMBOURG ?



To effectively promote Luxembourg and its various advantages for conducting business, PricewaterhouseCoopers has sponsored a presentation – in collaboration with AMCHAM – to position Luxembourg on the various screens of international firm's decision makers. The presentation also contains data on the economy, finance, corporate taxation, IT players, employment and labor costs. This pdf file can be downloaded in English, Chinese, Russian and Turkish free of charge from AMCHAM's website www.amcham.lu

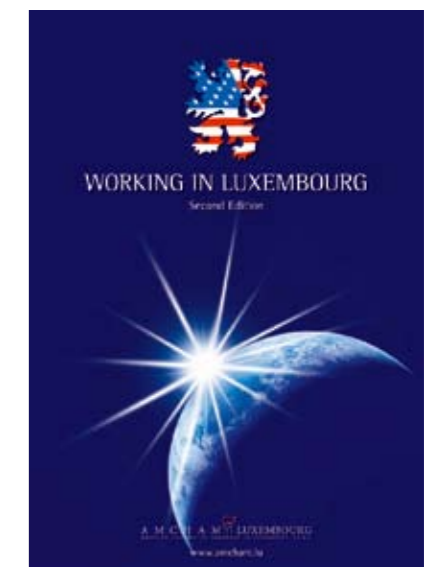
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www.uschamber.org

• U.S. GOVERNMENT GUIDE
www.governmentguide.com

• U.S. DEPARTMENT OF COMMERCE
www.doc.gov

• U.S. DEPARTMENT OF STATE
www.state.gov

• U.S. CENTERS FOR DISEASE CONTROL
www.cdc.gov

LUXEMBOURG RESOURCES

• U.S. EMBASSY IN LUXEMBOURG
46 01 23 - <http://luxembourg.usembassy.gov>

• GOVERNMENT OF THE GRAND DUCHY
478-1 - www.etat.lu

• LUXEMBOURG STATISTICS
46 42 89 - www.statec.lu

CHAMBERS OF COMMERCE

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• PORTUGUESE CHAMBER OF COMMERCE
49 83 27

• SPANISH CHAMBER OF COMMERCE
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AMERICAN COMMUNITY

• AMERICAN WOMEN'S CLUB OF LUXEMBOURG
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• DEMOCRATS ABROAD
45 69 23 - <http://lu.democratsabroad.org/>

• REPUBLICANS ABROAD
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• LUXEMBOURG AMERICAN SOCIETY
www.als.lu

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Driving Pleasure

More power. More pleasure. Less consumption. Less emissions.

BMW EfficientDynamics encompasses the full range of actions aimed at reducing fuel consumption and emissions levels while simultaneously enhancing the sporty feel, dynamic handling and superior performance of BMW vehicles.



New engines.

New lightweight diesel engines are equipped with the latest generation of direct fuel injection technology for greater injection precision and more exact fuel dosing. Petrol engines run on a lean mixture thanks to a second-generation direct injection fuel system. Result: Less consumption and more power.



Auto Start Stop function.

When your car is stationary and in neutral, the engine switches off automatically. Simply depress the clutch, and it restarts automatically.



Brake Energy Regeneration.

The battery recharges every time you take your foot off the accelerator, instead of during acceleration, thus saving energy.



Air Vent Control.

Automatic air vents in front of the radiator improve aerodynamics, control the cooling of the engine and help reduce fuel consumption.



Shift Point Display.

Based on your driving style, a dashboard display indicates the best gear for you to select to increase fuel efficiency.



Electric Power Steering.

Electric power steering only uses energy when you turn the steering wheel.