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1ST QUARTER 2010

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

A WORD
From the Chairman...

Dear AMCHAM members and friends,

Welcome to the Spring issue of the AMCHAM Luxembourg news magazine! We are pleased for you to take the time to read this publication…and we welcome your feedback.

I am writing my greeting with a mixture of happiness and sadness.

For the happiness, this issue is dedicated to the launch of the third edition of our hugely well received Working in Luxembourg 3rd edition. Over 10 years ago we decided there was a need for an English language guide that explains in simple non-lawyer terms, the rules and customs for doing business in Luxembourg, who to see for what…and which paperwork to bring. Several weeks ago, in the presence of the new U.S. Ambassador to Luxembourg Cynthia Stroum and Jeannot Krecké, the Luxembourg Minister of Economy, we launched the third edition of this publication, five years after the last version 2. We are hugely appreciative for the support from our members and friends who have helped us so generously and so professionally with the writing of this book and with the sponsorship necessary for us as a small Chamber to take on this task. We have as well been hugely honored that HRH Henri, the Grand Duke of Luxembourg, has, for the third time, allowed us to publish this book under his patronage.

Since the launch, we have sent books to every foreign Embassy in Luxembourg, every Luxembourg Embassy and commercial office around the world, every Luxembourg Minister, every AMCHAM member company, the National Library and additionally given 100 copies of the book to both the U.S. Embassy and the Ministry of Economy for the purpose of promoting Luxembourg as the ideal gateway and business headquarters location in Europe.

I most especially thank Pierre Gramegna and his staff at the Luxembourg Chamber of Commerce, Lydia Mutsch and her staff in the City of Esch, Geraldine Knudson and the staff of the City of Luxembourg and the staff of the Luxembourg Stock Exchange for all of their help and partnership.

And, in addition to our authors and sponsors, I especially thank Tatjana Schaefer, our AMCHAM Communications Director, for her stewardship of this project and for its big success.

Which brings me to the sad part of this message.

Tatjana has the opportunity to move to New York with her daughter and husband to take up new duties as the Director for our sister organization LACCNY, the Luxembourg American Chamber of Commerce of New York. I am sure Tatjana will thrive and be hugely successful in this role and she goes with our blessings and full support. I am sure as well, that in her new capacity, she will strengthen further the cooperation between LACCNY and AMCHAM just as her predecessor, Toni Dudsak, did when she moved from AMCHAM to LACCNY over 6 years ago. Still, I acknowledge our sadness at Tatjana's leaving …while wishing her all happiness, health and continued success. Tatjana, we will miss you!

With my best regards,

Paul Michael Schonenberg

Chairman and CEO

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DO Recruitment Advisors was established by Nathalie Delebois and Sinéad O'Donnell (the D and the O). We are a local boutique recruitment agency. Having many years of experience recruiting in Luxembourg, we understand the intricacies of working in such a small marketplace, the complexity and the rewards. Through this experience we can offer you consultative support, advice and the promise of total confidentiality all through the recruitment process.

At DO Recruitment Advisors our objective is to offer the best tailored recruitment solution to your needs in a qualitative, professional and ethical manner. We are happy and proud to receive the accolade for "Best Executive Search Firm" in Luxembourg 2009.

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The Institut de Formation Bancaire Luxembourg (IFBL) was created as the training institute of the Luxembourg Banker's Association in 1990, and since then has broadened its reach to include all fields of the financial sector. Today, it offers a very wide range of financial training programs that are constantly evolving and range from industry basics to state-of-the-art, specialized courses. With a steadily increasing number of registrations, the IFBL is one of the leading providers of vocational courses in Luxembourg. The IFBL works actively towards its mission to enhance the effectiveness and professionalism of a financial center that is subject to constant change and relies upon well-trained and open-minded staff.

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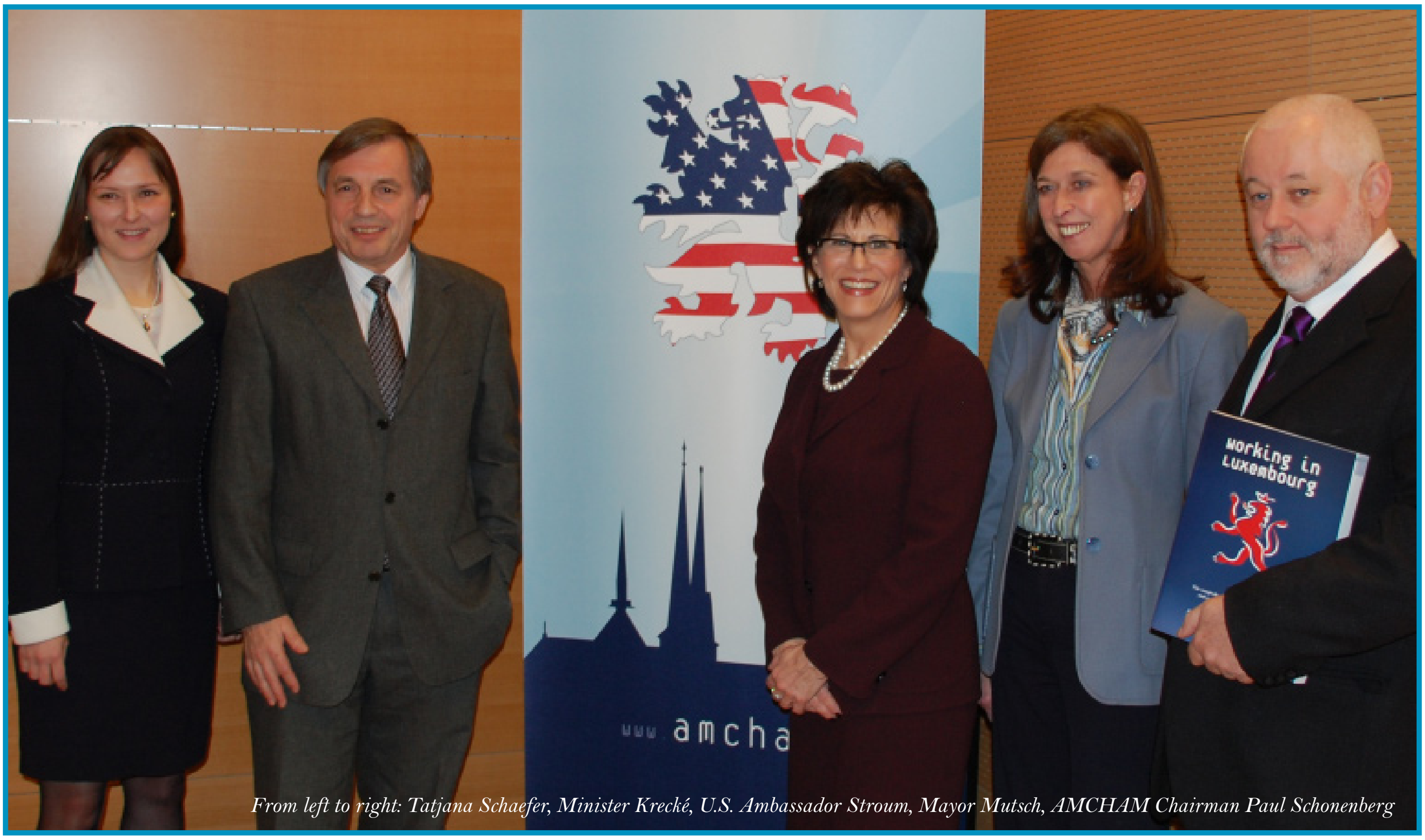

From left to right: Tatjana Schaefer, Minister Krecké, U.S. Ambassador Stroum, Mayor Mutsch, AMCHAM Chairman Paul Schonenberg

On February 4th the AMCHAM team was proud to introduce the third edition of "Working in Luxembourg" to the public. The launch was graced by the presence of Jeannot Krecké, Luxembourg´s Minister of Economy, Cynthia Stroum, the new U.S. Ambassador to Luxembourg as well as Lydia Mutsch, Mayor of Esch-sur-Alzette. Many of the authors and sponsors joined the special moment when AMCHAM´s Chairman and CEO, Paul-Michael Schonenberg donated copies of the publication to the Ministry of Economy, the U.S. Embassy and the City of Esch-sur-Alzette.

The business guide provides the reader with an overview of the rules, practices and customs of the Luxembourg business environment as well as the cultural context of the workplace environment, the government and social support systems. AMCHAM is grateful for the outstanding support received from a team of more than 20 experts from member companies, who updated and expanded the content of the publication, thus making it the most comprehensive guide available on the Grand Duchy as a business location. In this context it is essential to mention that without the generous support of a select number of sponsors, the project would not have been possible – a special thank you goes out to them!

The book's purpose is to facilitate the establishment of new business in Luxembourg and the intended users are government officials (both U.S. and Luxembourg) involved in trade, bus.iness and investment issues as well as business people or individuals already located in Luxembourg or considering Luxembourg as a business location for European activities. The subjects covered range from work permits to maternity leave, business licenses to tax withholding, educational resources to private clubs to relocation companies, thus offering a wealth of information for HR managers working in the Luxembourg market. This book has been researched and published as a public service to promote investment in the Grand Duchy of Luxembourg and to help Luxembourg-based expatriate companies. Since the publication provides a wealth of detailed, hands-on information including relevant contact details, it can be used as a reference book by companies and individuals alike.

The two previous editions of the publication have been enormously well received by the public, most notably due to the way in which the information is presented - in a simplified, non-legal manner - and as it also includes reference materials and contact information. With a promising start, the third edition is on the path to continuing the publication´s success story which started in 2000.

The third edition has found strong support from key players in the Grand Duchy such as the Ministry of Economy, the Luxembourg Chamber of Commerce, the City of Esch-sur-Alzette as well as the Luxembourg Stock Exchange. It will be distributed at the various international trade missions the Luxembourg Chamber of Commerce and several Ministries are intending to make over the next few years and will also be found at all Luxembourg Embassies and Consulate Generals around the world in order to support the promotion of the Grand Duchy.

The business guide provides the reader with an overview of the rules, practices and customs of the Luxembourg business environment as well as the cultural context of the workplace environment, the government and social support systems.

Working in Luxembourg- 3rd Edition

Quoting the American tycoon Henry Ford: "To come together is a start, to…, to work together is success." In this sense, the unique team effort displayed in the publication "Working in Luxembourg" supports the promotion of the Grand Duchy as an excellent business location in the heart of Europe. As Paul-Michael Schonenberg puts it: "Luxembourg is a very welcoming country to expats and foreign companies alike and is a wonderful place to live, work and raise a family. With this publication we would like to give back to the country we call home."

–Tatjana Schaefer

U.S. Ambassador Stroum and Minister Krecké

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Would You Rather Be Managed OR LED?

Conversations with CEOs and Senior Executives often go something like this:

"Are you achieving the business success that you and your board would wish for?"
After some pensive moments, the careful reply is often:
–"Well, not really"…
"Well, if you don't mind me asking, what have you tried?"….
–"Well, we restructured and changed the whole organization from top to bottom!"
"Did that help?" …
–"Well not really, productivity went down for a few months but gradually built back up to normal".
"What did you try next?"
–"We re-engineered all our processes to speed up our responsiveness and to cut costs"
"Did that work?" …
–"Well, not really …. It burned so much energy internally, that customers complained about a reduction in our response to their issues"… "but we did cut costs a bit".
"What did you try next?" …
–"We implemented a new Integrated Finance and Cost Control system"
"Did this improve your business results?"
–"Well no, but now we know why we are not doing so well".

This conversation typically goes on for several more rounds covering marketing strategies, product changes, service plans, etc. – all with limited impact on the business success…

The final question is: "Well, what do you plan to do next?"
–"Um… we thought that we might re-structure again!!!

OH DEAR---

We have all been a part of such initiatives to improve and grow our business and, to be fair, some of these have achieved limited results, but the big idea which will make the analysts or the Board of Directors take notice escapes us. We bump along making single figure returns, when we are lucky, and things never seem to take off. Another question posed relates to productivity … "if you had a manufacturing plant and your machines were only operating at 60% effectiveness – what would you do?" No prizes for providing the correct answer – of course you would find a way to upgrade, repair or replace such machines… 60% is not acceptable!

What would you say if I were to explain to you that a recent study of almost 800 senior professionals and managers across the Luxembourg Grand Region showed that, by their own admission, the average contribution or commitment to their employer was 59%. I wonder what the figure would be for all employees?

The Study… full details of the study can be found at: http://www.amcham.lu/medium/events/225/Amcham%20 Employee%20%20Engagement.pdf

Almost 800 senior professional and managers were asked to complete a simple questionnaire after two days of training covering Leadership, Change Management or Project Management and they were asked several questions – one of which was ….

Under the right circumstances, how much more could you contribute?

It was assumed that someone working for themselves would have a 100% contribution/commitment. Respondents were asked to estimate their current contribution as an employee.

- 14% of respondents felt that they could offer 50% more
- 11% of respondents felt that they could offer 40% more
- 33% of respondents felt that they could offer 30% more
- 28% of respondents felt that they could offer 20% more
- 1% of respondents felt that they could offer 0% more

The average potential additional contribution per head was 41%. If you could achieve a 41% improved contribution from your employees, what would this mean to your organization?

Now, other than making all your employees owners, (some very successful organizations do this!) we believe that ALL organizations can tap into some of this discretionary contribution, which would translate straight to the bottom line, as your people costs are already budgeted and paid for.

People

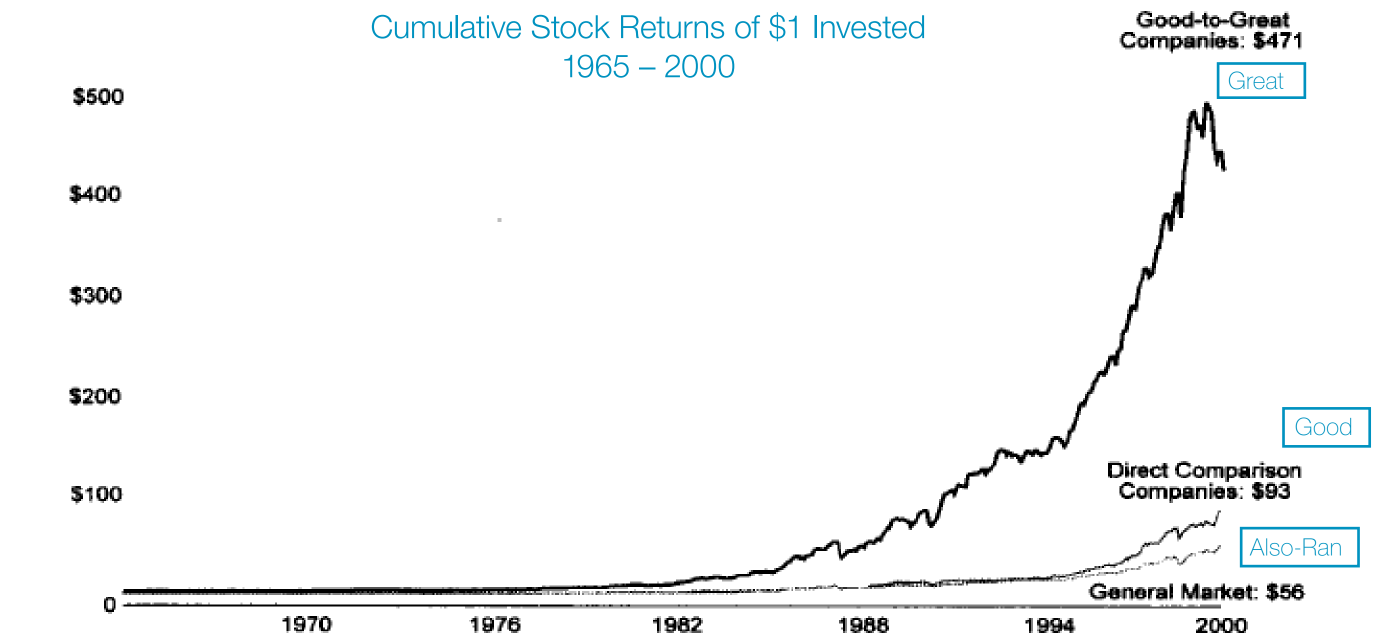
We discussed poorly performing machines earlier and the solution was clear but how do we translate this solution to people?

People are not machines – they are unpredictable and difficult to control– but at their best, they perform miracles that no machine can emulate.

Studies in the U.S. have shown that in a typical organization, 1/3 of people are motivated, 1/3 are coasting (doing what they have to do, to keep their job) and 1/3 are demotivated. If we algebraically add these together, it appears that the forward momentum of typical organizations is down to the 1/3 who are coasting (the motivated cancels out the demotivated)… small wonder we don't achieve outstanding results.

So – what are the right circumstances that we keep talking about?

Studies in the U.S. have shown that in a typical organization, 1/3 of people are motivated, 1/3 are coasting (doing what they have to do, to keep their job) and 1/3 are demotivated.



Good to Great – Jim Collins 2001:

This extensive study of the Fortune 500 proved conclusively that companies with a true Leadership style (the Great) delivered results far better than those who did not (the Good and the Also-Ran).

The Collins figure above right shows the difference in stock market returns for the Great, the Good and for those companies who did not even make the study – the Also-Ran.

Since WWII, many Managers instinctively felt that Leadership was the preferred style to use to get the best results but, before Jim Collins, no one had proved it. Many companies and organizations pay 'lip service' to the concept of Leadership but when their operational style is examined, it is really Command and Control Management, sometimes with a light touch.

Leadership is sometimes criticized as being a type of 'Country Club' management, but real Leaders often have to make tough decisions in the best interests of ALL their stakeholders – not simply stock holders.

Do we still need management?

Management is an extremely effective way of dealing with assets, processes, systems, products, finances, marketing, etc, but where the best results are desired from people, Management does not deliver anywhere near as good results as Leadership.

Management is also sometimes appropriate for simple issues e.g. what color should our new conference room furniture be? A Leader would simply delegate this choice to one or two people directly involved – maybe HR and Facilities.

Maybe the answer is to invert the current 80/20 management/leadership ratio?

When do you do your best work? When closely supervised? Told what to do, when and how? Rewarded for good work but punished for not performing (who decides?)

Most people deliver their best work when they feel a sense of ownership for their task, where they have been involved in the definition of the work, where they are trusted to do a good job as a member of an open team and take part of the recognition when results are good. This we call Leadership and the feeling that this engenders in the individual we call Motivation.

Motivation

Motivation cannot be forced; it has to be cultivated by providing a work environment in which the individual wants to contribute and feels fulfilled by doing so.

We can increase the productivity of egg-laying hens by keeping them warm, playing music and by feeding them nutritious food. This approach is followed by some organizations but this does not recognize the ability of people to process all the facts and to reach the conclusion that they are probably being manipulated and this often has negative consequences.

True motivation is only achieved when individuals choose to become motivated because they identify that their leaders are behaving authentically and really want and value the enthusiastic contribution of all.

Frederick Herzberg identified what he called 'motivators' and 'hygiene factors' and concluded that ….

Leaders should strive to provide employees with the maximum opportunity to achieve the 'motivators' whilst ensuring that the 'hygiene factors' are satisfactory. He noted that working on 'hygiene factors' had little value in motivating employees but the absence of these had a strong demotivating effect.

Some people have difficulty to understand his use of the term 'hygiene factor' … Here is a simple illustration …..

Having completed a visit to the toilet at work, you find that there is no toilet paper! This is very demotivating.

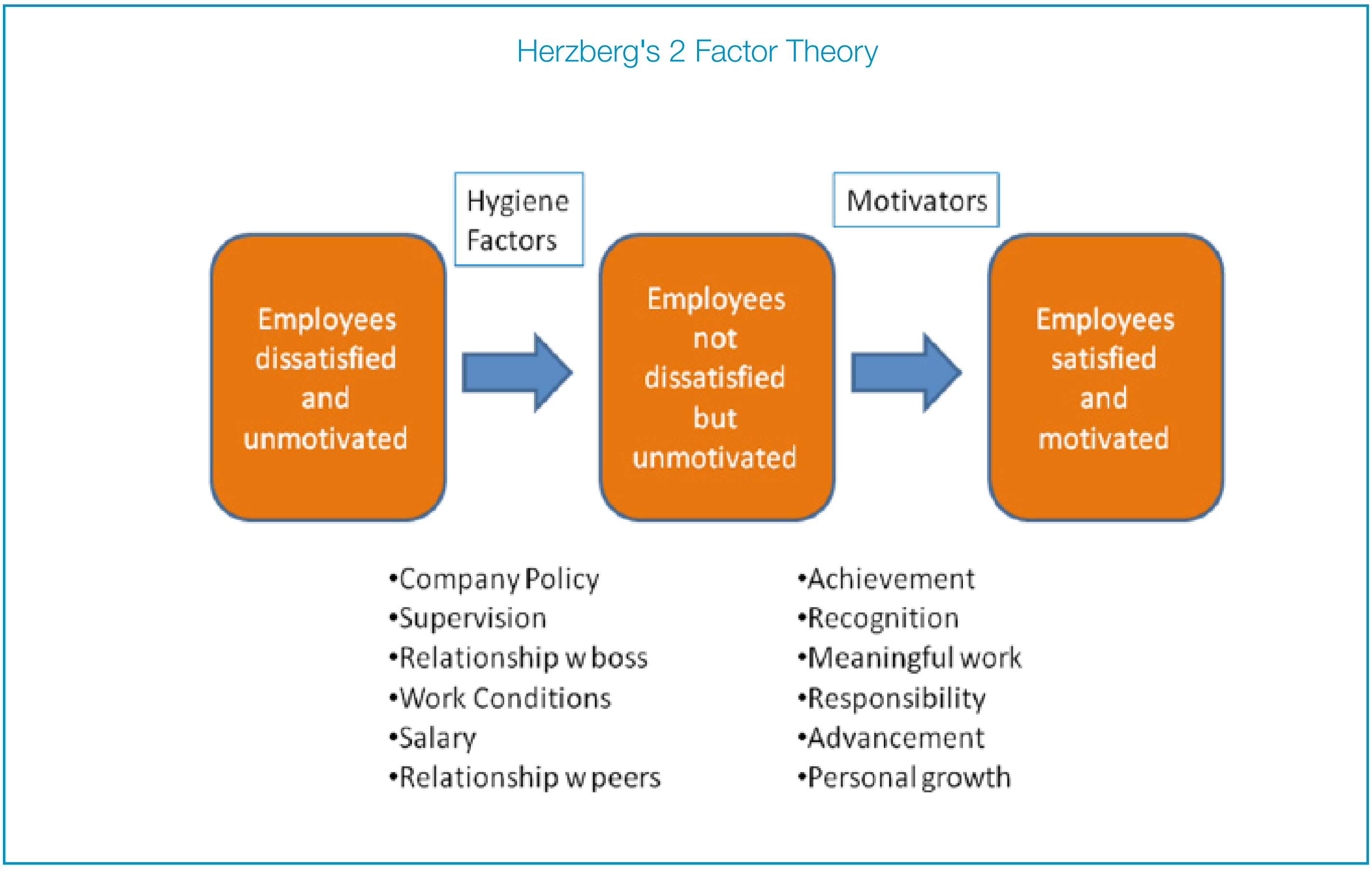
Having complained vehemently, the next time you visit the toilet there are 50 rolls of toilet paper – shouldn't this be highly motivating?

Conclusion – hygiene factors do not motivate but their absence demotivates.

How to build the Motivating Factors?

Use a Leadership style at all levels…

- Inspire
- Be a role model of what you want to encourage



- Facilitate the team to build the vision and strategy
- Talk to people and build relationships – treat as adults and equals
- Communicate openly – face to face whenever possible
- Involve people in deciding issues that affect them
- Let the team decide with guidance
- Recognize individual and team success
- Delegate to the maximum extent possible – allow people to achieve
- Try to get people to volunteer for tasks – assign only where this does not work and balance unpopular work across the team
- Coach everyone – aim to replicate and improve on your own capabilities
- Simplify as much as possible
- Provide instant positive and negative feedback

How will people react to my efforts?

One thing is very sure – everyone will react differently!

Research into individual behavior shows that most people consider…

1. Themselves – What is in this for me?
   -in the order of 80%
2. How will this affect those close to me – Family/Team
   -in the order of 15%
3. How will this affect my Society/Company
   -in the order of 5%

The conclusion is very clear, when you want someone to be motivated towards something you need to have done, you should consider 'What is in it for them?'

Don't generalize… people weigh up their net gain against their net effort – and if it doesn't quite balance, they will take remedial action.

If you can align what you need with what they need, then success is highly probable for both.

What happens when people do not respond to my efforts?

A good leader will try to identify what the issues are, by talking these through with the individual, explaining what is expected and give them a reasonable time period to change their behavior (I recommend no more than 3 months). If this is not successful, then they should be removed. There may be deep-seated reasons for the poor behavior but this is not the responsibility of the Leader, who is charged to deliver results using the resources provided. If one of these resources is inadequate, then it is the Leader's job to identify this, try to fix it but, if unsuccessful, replace it.

Team success is dependent on the collaboration and behavior of all team members and, for the good of all, 'bad apples' should be removed.

Jim Collins talks about 'The Bus': he advises that we should …

- Get the right people on the bus
- Get the wrong people off the bus
- Let the team decide where to take the bus

Most people deliver their best work when they feel a sense of ownership for their task, where they have been involved in the definition of the work, where they are trusted to do a good job as a member of an open team and take part of the recognition when results are good.

Hiring studies have indicated that one third of all people hired are unsuitable for the purpose intended but when trial period statistics are examined, only 1 or 2% are identified and removed. Another third are not suitable but can be trained and coached to the required level. One third fit the bill without further adjustment.

This means that within the general population of organizations there are many employees who are unsuitable for their role and incapable of growing into it. The Leader's job is to identify these people and remove or move them. The Performance Appraisal tool can help with this but Leaders should actively identify issues without waiting for annual appraisals.

If the shortcoming is knowledge or skill, it may be appropriate to try to find them a role in which they can perform but I recommend never to re-assign people with behavior issues.

What about me?

Well yes – you are the primary consideration (80%) within your world and must do the best you can for yourself. But remember the other (15%/5%)… If you think only about yourself, your team will quickly realize this and react to your non-authentic behavior.

You have been asked to add value to your organization by delivering a product or service, for which customers are willing to pay, using a team of people assigned to you for that purpose. I hope that your boss is a Leader but it is more likely that he is a Manager who believes in reward and punishment.

You will be judged against the objectives set and your success is directly dependent on the team assigned to you.

You do not have to copy the boss's style but can opt for the Leadership option.

Individuals can always choose their style, but it is much more effective when entire organizations move towards Leadership.

How do you get the best results from the team? Collins and others have proved that Leadership is the best style for maximizing results and surely this is the answer.

Leadership takes more effort than Management but delivers better and more consistent results and is more fun in the process.

Finally!

Back to the original question… would you rather be Led or Managed?

I have asked this question from audiences of workers, professionals, managers and senior managers and the answer is always "Led !"

So if this is true, why do so many people still insist on trying to Manage people instead of Leading them?

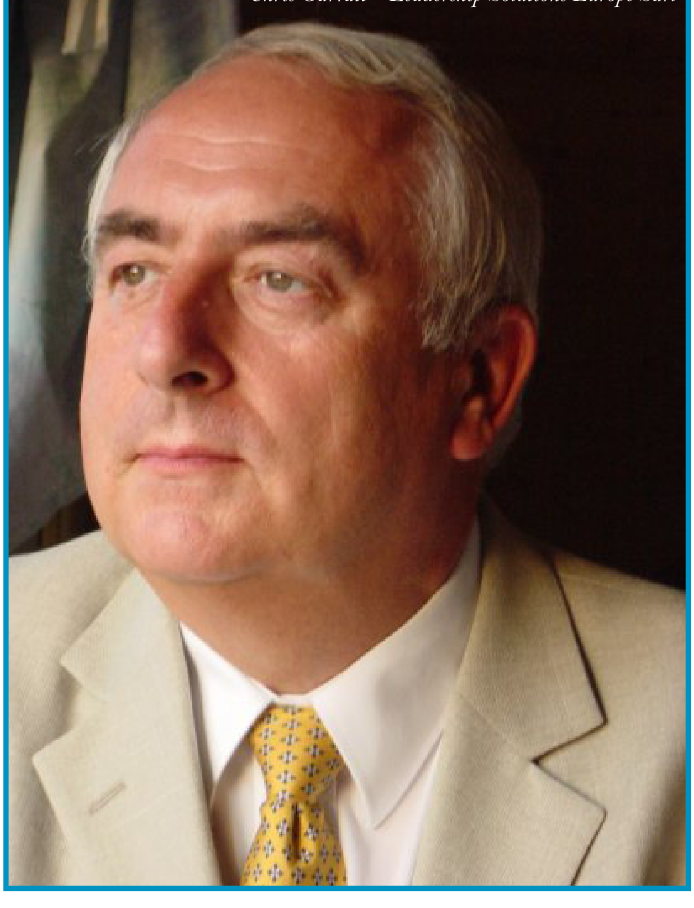
If you would like to discuss this article further, please contact:

Chris Garratt – Leadership Solutions Europe Sarl

After a 40-year career in the high-tech sector of industry, Chris took early retirement from a General Manager position. Chris has now turned energies to facilitation, consultancy and training, where he specializes in Leadership Facilitation, Project and Change Management. A committed European, Chris has lived and worked in Germany, Sweden, Belgium, the U.S. and the UK and is now happily settled in Luxembourg. Professionally qualified in telecommunications, Chris is increasingly focused on how to achieve business success through teamwork and leadership. He is the chairman of a London based software company and is the Group Scout Leader of the Telstar Scout Group in Luxembourg. He was awarded the Order of the British Empire by Queen Elizabeth II in 1996, for services to the British Community in Brussels and has recently been awarded the "Ordre Grand-Ducal de la Couronne de Chêne" for his work with young people in Luxembourg.

Leadership Solutions Europe

Chris Garratt – Leadership Solutions Europe Sarl



Seminar on Exchange Traded Funds (ETF)

At a very well-attended evening seminar – over 100 participants – on Thursday, January 28th, hosted by BGL BNP Paribas, the Financial Services Committee of the American Chamber of Commerce and the Luxembourg Fund Industry Association presented an introduction to the current ETF market within Europe and Luxembourg; an overview of the various types of ETFs, their usage in today's environment, benefits and information on the challenges and issues of administering ETFs.

Bernard Lhoest, a partner with Ernst & Young and member of FinCom chaired the session. Bernard began by presenting some useful background information on ETFs. What are ETFs? ETFs are basically investment funds that trade as a single security whilst giving an exposure to an underlying index. Attributes of ETFs which are generally recognized: one of the most cost effective ways to invest; instant market access at very low cost; ability to trade intra-day; and a way for investors to gain instant diversified exposure to a particular market, region, sector, asset class and current investment strategy, all through one simple transaction. The first ETF was launched on the Toronto Stock Exchange in 1990. In Europe, the first ETF was launched in April 2000 in Germany and the UK. By the end of November 2009, there were 1,907 ETFs worldwide with assets under management of U.S.D 982.3 billion. At the same date, the European ETF industry had 812 ETFs with assets under management of USD 217 billion with 2,315 listings from 32 providers on 18 exchanges.

By the end of November 2009, there were 1,907 ETFs worldwide with assets under management of USD 982.3 billion.

Manooj Mistry, Head of ETF Structuring, Deutsche Bank and a leading figure in the ETF industry, who had flown in from New York earlier that day, provided an overview of the European ETF market. Manooj confirmed that 2009 marked a milestone for the two biggest ETF markets (the U.S. and Europe) with combined assets crossing the trillion dollar mark in December 2009. Global ETF market growth in 2009 was 41.5% with higher growth of 46% coming from Europe than the U.S.. Expected European ETF growth in 2010 was estimated to be 27%. Manooj then went on to describe how ETFs are constructed in Europe. There was basically a choice between direct/full replication – where the ETF physically held all/some underlying components of an index (typically the choice of asset managers) and indirect/outsourced replication where the ETF achieved the same goal synthetically by holding a basket of securities plus an index swap (typically the choice of the investment bankers). Manooj described some of the problems of tracking an index – index turnover costs, tax treatment & timing of dividends, liquidity/ownership restriction issues - and how these could be overcome by using the synthetic model. 75% of all new ETFs since 2007 have followed the synthetic approach. Manooj finally described in some detail how ETFs are used and predicted that retail demand will grow in Europe in the coming years. While in the U.S. private investors accounted for 50% of new assets in 2008, less than 15% came from private investors in Europe. The growth of fee-based advice in the UK and continental Europe would be a major catalyst in this respect.

In response to comments from the floor, Manooj pointed out that 10 years ago an active investment manager would not have given an ETF manager the time of day. Things have changed. ETFs will not replace traditional investment funds (they represent only c. 1.5% of investment fund assets in Europe and c. 5-6% in the U.S.) but will be seen as complimentary or additional tools which could be used by investment managers to gain exposure to markets or sectors hitherto considered too expensive or inaccessible. Now active managers are seeking out ETF managers.

Florence Alexander, responsible for ETF – Fund Administration, at State Street Bank Luxembourg described some of the issues and challenges on supporting ETF business. Florence provided an administrative perspective on how ETFs operate, introducing the audience to some of the key actors in the industry – the ETF promoter, the Authorized Participant and the Price Maker. Florence described the fund administrator's challenges – the need for flexibility under time pressure, the need for accuracy and reliability, the technology demands, market knowledge with multi-listed securities, cost efficiency and risk management requirements. It was very clear that this is a high volume low margin business where nothing is ever simple, errors are costly, and significant demands are made on people, technology and processes.

A panel discussion ensued. Michelle Eisenhuth of Arendt described some of the positive factors which promoters should consider for setting up in Luxembourg – especially the flexibility and pragmatism of the Luxembourg regulator – and also highlighted the positive

ETFs will not replace traditional investment funds but will be seen as complimentary or additional tools which could be used by investment managers to gain exposure to markets or sectors hitherto considered too expensive or inaccessible.

impact of UCITS IV for ETFs. Emmanuel-Frederic Henrion of Linklaters described the fiscal environment – the disadvantages of “taxe d’abonnement” and lack of access to double tax avoidance treaties compared with Ireland – and made some suggestions as to how these could be overcome. George Wolff of ING provided an investor perspective of ETFs. He highlighted the theme of additional diversification into areas such as real estate, commodities and less-developed markets. He also described how ETFs could be used for technical overlay and rebalancing of portfolios. ETFs’ recent growth expressed investors’ disappointment with the higher fees and poor returns of active investment managers in the recent financial crisis and lack of trust in money market funds with exposure to structured products. ETFs provided easier access to markets than say futures where there is the hassle of dealing with margin accounts. Over-crowding in particular market segments was the one area which the panel thought might be a cause for concern for ETFs and there was also a call for increased harmonization of national regulations in a fragmented European market compared with the U.S..

After a very informative, interesting and insightful evening on ETFs, and after thanking the sponsors – State Street, Arendt and BGL BNP Paribas - Bernard invited the audience to a well-earned cocktail.

- Bill Lockwood, Member of AMCHAM FinCom

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Interview with

ME. GUY CASTEGNARO:

Newly Appointed HR Committee Chairman

Guy Castegnaro has been an AMCHAM member for over 2 years and this year he was elected to be HR Committee Chairman. We sat down with Guy to ask him some questions about this, and to learn a little more about him.

What is the composition of the HR Committee? Which business fields do the committee members represent?

A: Currently the committee is mainly composed of members representing the finance and service sector. In the near future we would like to have more members from the industry sector joining our committee.

Luxembourg is known for its international working environment; the employees of numerous companies have an international background. What are the benefits of such a multi-national working environment and what are the challenges?

A: This international background is a benefit as well as a hurdle for the companies as they all have to comply with the European and Luxembourg working and social rules which are sometimes quite different from those existing in other - especially non EU - countries. Therefore information and communication thanks to tools like Amcham and especially our HR Committee are very important.

As a lawyer you specialize in labor law. What approach would you recommend companies in regard to labor/management relations?

A: I always recommend to first adopt a constructive and positive approach if possible in compliance with the so-called Luxembourg social model and the principle of the "social dialogue". This kind of communication that should take place between the employer and the public authorities on the one hand and the staff representatives on the other hand, is very important and can often be very useful for all the parties concerned. The upcoming tripartite negotiations will however show us if this model can still be maintained in the future.

The new law establishing the so-called "statut unique" (single status) and thereby ending the distinction between blue and white collar workers, has been in place for a year. How do you assess the results?

A: I think that it is too early to make an evaluation of the outcome of the "single status". A lot of employers, especially those employing mainly former blue collar workers, are concerned about the issue regarding "absentéisme" (sick leave) and the way government will help them to establish a better control of the employees who are on sick leave.

You are also Vice-President of the EELA, the European Employment Lawyers' Association, an organization of which you are also a founding member. EELA was founded in London in 1998 under the patronage of Cherie Booth QC, wife of former British Prime Minister Tony Blair. Where do you see the Grand Duchy in the European context?

A: The main aims of EELA are to bring together practicing employment lawyers across the European Union, to improve the implementation and understanding of the social dimension and to exchange views on the manner of such implementation. It is very important that Luxembourg is strongly represented in that association and can share with the other EU member states its experience in relation to the above already mentioned social model. By the way, the next annual conference of EELA will take place in Luxembourg at the end of April this year and almost 400 employment lawyers are expected to attend the conference.

What do you like best about working in Luxembourg?

A: Undoubtedly Luxembourg's international working environment as well as the possibility to easily get in contact with often very helpful public bodies such as the different departments of the Labor Ministry and the secretary of the "Comité de conjoncture".

Do you have a favorite place in the Grand Duchy?

A: One of my most favorite places in Luxembourg is the "Piscine Olympique" at the Kirchberg for both health and - believe it or not - social networking reasons.

Me. Castegnaro, we thank you for this interview!

Me. Castegnaro graduated from the University of Paris I, Panthéon-Sorbonne with a Magister Legum, he holds a Master of Laws (LL.M.) in German Law from the University of Kiel, Germany and has a specialized training in Luxembourgish Law from the Centre Universitaire de Luxembourg.

Me. Castegnaro is Avocat à la Cour at Castegnaro Cabinet d'Avocats, an employment law niche firm, which focuses on all aspects of national, European and international employment law as well as corporate, tax and commercial law matters as far as they are directly or indirectly linked to employment law matters. The firm advises exclusively employers. Guy Castegnaro has been recently elected vice-president of the EELA (European Employment Lawyers' Association).

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QI 2.0

What's the Impact for the Fund Industry?

On the heels of its relative success in the UBS case and in furthering President Obama's tax proposals, the U.S. recently introduced new legislation to combat offshore tax evasion.

The Tax Extenders Bill of 2009, which incorporates and replaces the previously introduced Foreign Account Tax Compliance Act of 2009, was proposed by Congress in December 2009. The Foreign Account Tax Compliance provisions of the Tax Extenders bill of 2009 ("the Bill") are commonly referred to as "QI 2.0". Unlike the qualified intermediary regime ("QI") currently in force, QI 2.0 attempts to encompass all foreign financial institutions, not just the traditional custodian banking industry. Thus, QI 2.0 will effectively create a system parallel to the current QI regime.

Though it is impossible to predict the practical application of the new Bill at this stage, the terms describe the type of economic operators who will participate in the program and their obligations in terms of documentation, withholding and reporting. However, after a first review of the proposal, its implementation appears unworkable, costly and disproportionate.

QI 2.0: Headlines

QI 2.0, as currently written, will affect practically every type of foreign financial institution, not just banks and custodians. Entities such as private equity, hedge funds, securitization vehicles and any other investment vehicles, whether privately held or widely distributed, will be impacted. Collectively, these "in scope" entities are referred to as "Foreign Financial Institutions" ("FFI").

It is anticipated that QI 2.0 will result in an increased compliance load (due diligence, reporting, withholding, audit, etc.) requiring costly investments in both people and systems upgrades and possibly lead to limitations on investor base and/or investment choices.

A double-edged sword – U.S. account or U.S. investment

So what if a fund still wishes to invest in the U.S. market after the entry into force of this new regime? QI 2.0 will require withholding agents to apply negative assumption on accounts, meaning all accounts should be treated as U.S. accounts unless proven otherwise.

Because QI 2.0 specifically addresses U.S. accounts and U.S. source income, a single U.S. account or single security producing U.S. source income will affect the activity of the investment fund. Under QI 2.0, a U.S. account is defined as any financial account held at an FFI by one or more specified U.S. persons or U.S. owned foreign entities.

More specifically, who are the new U.S. persons targeted? The Bill introduces two new types of U.S. person: the first category, the "specified U.S. person", generally relates to any U.S. individual, corporation, partnership, trust or other U.S. entity. The second category introduces the new concept of a "substantial U.S. owner" (i.e. specified U.S. person with substantial ownership in foreign entities). FFIs will have to apply a look-through approach in order to identify any "substantial U.S. owner" hidden behind any U.S. owned foreign entity.

It is important to stress that even if the fund has no U.S. accounts, the fact that the fund receives U.S. source income will result in the fund needing to enter into an agreement with the IRS (or suffer a punitive 30% withholding). This agreement would require the FFI to collect and maintain the necessary information to determine which accounts are U.S. accounts, and report annually on the U.S. accounts, amongst other responsibilities.

Annual reporting

Under QI 2.0, for each "documented" U.S. account, the FFI will have to produce an annual report disclosing the name, address and TIN of each underlying U.S. person (specified or substantial), as well as the account number, balance and other details on account activity for a specific year.

Strictly speaking, it means that should any share/unit of a fund be held by one U.S. person (specified or substantial owner), the fund will be bound to produce annual and individual reporting for the IRS in the name of that investor.

Punitive withholding tax for recalcitrant account holder

While a single "recalcitrant account holder" will not taint the whole fund under QI 2.0, QI 2.0 will require withholding agents to levy a 30% tax on all "withholdable payments" made to any "recalcitrant account holder," "non-participating FFI," or on behalf of any other FFI not assuming withholding responsibility. These payments include not only U.S. source dividends, interest or other FDAP (fixed or determinable, annual or periodic) income, but also any gross proceeds from the sale of assets that can produce U.S. source dividends or interest. This includes payments made under dividend equivalent arrangements using equity swaps, arrangements previously not subject to withholding tax. The 30% withholding on gross proceeds, interest, and dividend equivalents represents a significant change to the current applicable exemption from withholding tax for these items (currently 0%).

It is anticipated that QI 2.0 will result in an increased compliance load (due diligence, reporting, withholding, audit, etc.) requiring costly investments in both people and systems upgrades and possibly lead to limitations on investor base and/or investment choices.

It is important to stress that many investment funds (i.e. FFI) that suffer withholding tax will not be eligible to claim a tax refund or credit as they often do not have access to treaty benefits.

While QI 2.0 is currently scheduled to become effective for payments made after December 31, 2012, funds must begin undertaking efforts now to develop measures to document and track all investors in order to ensure reporting requirements are met.

An expansive reach

QI 2.0 offers two choices, comply or suffer a punitive 30% withholding without reference to who takes withholding responsibility.

In order to avoid any unpleasant situations, investment funds will need to complete an in-depth review of all prospective and existing share (unit)-holders. Additionally, investment prospectus. will need to be clear as to whether the relevant fund will invest in U.S. securities, whether it will accept a U.S. share(unit)-holder, and if the fund is a compliant FFI.

Even funds that decide to exclude investments that produce U.S. source income and U.S. accounts must be diligent in their account holder documentation due to the chance that an investment may be recharacterised into a U.S. investment.

Practical Issues

While QI 2.0 is currently scheduled to become effective for payments made after December 31, 2012, funds must begin undertaking efforts now to develop measures to document and track all investors in order to ensure reporting requirements are met. Additionally, funds will need to review any chain of payment of which it is a part and act to remove any non-compliant link. Having a non-compliant link could cause the fund to still suffer the effects of 30% withholding even if the fund itself is compliant.

Those that do versus those that don't?

While some widely held, publicly traded funds will be outside the scope of QI 2.0, this will be more the exception than the rule. Will there become a segregated fund industry as a result of this?

FFI's may choose to analyze the costs resulting from QI 2.0 and allocate these costs to the share (unit)-holders (i.e. those with U.S. accounts) responsible for the costs. If funds chose to move in this direction, the European fund market could effectively be cut off to all but the largest U.S. investors.

Conclusion

While QI 2.0 has not been passed by Congress (as of the time of writing), the far reaching effects of the bill are evident. The fund industry, along with other financial sectors, will need to remain diligent in their protests to the IRS and Congress in order to avoid unduly onerous reporting and documentation requirements. The U.S. appears open to discussion and the period before and during the writing of regulations by the IRS presents a significant opportunity for the fund industry to affect the outcome before the guidelines become final.

QI 2.0 presents the FFI world with an opportunity to act reactively or proactively. Some will choose to passively approach the date of enactment, while others will proactively fight abuse measures to be introduced in the final regulations. In order to ensure the final regulations are workable, the message from the fund industry, and the financial sector as a whole, should be clear and consistent. If QI was a wave through the traditional banking industry, QI 2.0 may prove to be a tsunami through the entire financial services industry.

-Andrew McDonnell, Tax Manager

-Sylvie Maestri, Senior Tax Manager

Deloitte.

Andrew McDonnell, Tax Manager, Deloitte

Sylvie Maestri, Senior Tax Manager, Deloitte

The European Asset Management Industry & its Retail Clients:

Do you know your CLIENT?

In reflecting on the financial crisis of late, the timeless quote comes to mind "this too shall pass". Soon the dust will settle, and the world will begin to pick itself up and move forward again. But things will be different. We will be changed by the experience; the effects of this crisis will remain in the memories of countless investors, especially retail clients who have seen their hard-earned savings vaporize before their eyes.

The retail investor is the most vulnerable of all investors. They are constantly confronted with an endless choice of new products that are often difficult to understand. In the past, certain distributors and financial advisors have given advice on investment strategies which is motivated by front-end commissions and retrocessions rather than by sound investment principles. This approach makes the decision-making process for retail investors a generally time consuming and, all too frequently, risky undertaking.

The recent crisis has brought to light the importance of communication to the retail market. Investors have begun to voice their desire to understand what they are buying, who they're buying it from, and the implications that investment choices will have on their savings.

Consequently, this industry- like other more mature sectors—will be increasingly driven by distribution. Currently the asset manager and the end investor are often separated by many intermediaries; it is sometimes a real challenge for asset managers to reach out to their community. However, in a world where investors are crying out for more and greater transparency, this is an obstacle which must be overcome. Tomorrow's market leaders will be those asset managers who can change the status quo.

When viewing basic investor information such as daily pricing, it may be a surprise to see how difficult it can be for retail investors to obtain a correct price and, consequently, to accurately evaluate their investments. With the over-abundance of information available, the challenge today is to get the right information at the right time, using the best medium for their stakeholders. Meeting this challenge will enable asset managers to engage with their investors on a daily basis, allowing them to show their professionalism and sense of care by ensuring that their clients are well-informed.

When it comes to less frequent but nonetheless critical events in the life of a fund (events such as annual general meetings, dividend payments, investment guidelines changes and fund mergers), the picture becomes even more opaque. Not only are end investors often left to discover that these events have taken place until it's too late to react to them, but even direct intermediaries sometimes only discover them after the fact.

Factsheets are another opportunity for the fund manager to communicate with its investors on a regular basis regarding past performance, as well as to provide an outlook on the future evolution of the product. In Europe, however, many fund managers unfortunately still consider fact sheets as a necessary evil rather than a perfect way of promoting their products. Nevertheless, there are some more proactive asset management companies which understand the potential of regularly engaging with their clients, and have even gone so far as to use video to do this.

As the way in which people consume information undergoes a fundamental change from paper to screen, from stationary to mobile, video is quickly taking its place as an essential tool in investor communication. Regular updates from fund managers using this medium can communicate more powerfully, comprehensively and cheaply than print media. Combined with electronic channels such as email and the Internet, video reaches a far wider audience in less time, resulting in more accurate and timely information, with ultimately less cost to the investor.

Another form of investor communication which continues to spark many industry discussions is the prospectus. As we know, every investor should receive the prospectus upon investing in a fund. However this basic rule is not always respected as fully as it should, and even if the investor gets the document, he might not fully understand it. In answer to this issue, the European Commission introduced the concept of the "simplified prospectus" within its UCITS III directive. While the aim of this document was to focus on the heart of the investment product, the end result was a simplified prospectus which is as considered by many as being as complex and lengthy as the original. One then understands the excitement around the new document proposed as part of UCITS IV: the KII or KID (Key Investor Information or Key Investor Document).

As the way in which people consume information undergoes a fundamental change from paper to screen, from stationary to mobile, video is quickly taking its place as an essential tool in investor communication.

The KID, which has been inspired by its 'U.S.' equivalent, is a 2-page document summarizing all the necessary information that investors need to know before buying a product. It will also help investors to understand fee structures, and allow them to compare similar products. It is the hope of all that this new document will allow investors to more easily compare funds on a like-for-like basis.

Within a more relevant documentation to describe funds, investors could benefit from greater transparency on fee structures, incentives and especially compensation systems. So-called trailer fees, usual within the industry and representing a retrocession paid by the Manager to the Distributor, have been the focus of many discussions during this past year. Regulators are currently investigating this area, and the recent initiative by the UK to push the market from a relatively retrocession to an advice model for funds distribution are clear signals that changes are happening. Europe could take

The KID, which has been inspired by its 'U.S.' equivalent, is a 2-page document summarizing all the necessary information that investors need to know before buying a product.

inspiration from the American model, where such retrocessions are disclosed.

As asset managers begin the transition from survival to recovery, their overall service proposition is regaining focus. Having seen fifteen years of savings simply disappear in ten months, it is natural that investors question the mechanisms behind their investments. As the retail investor becomes more discriminating, outperformance is the key to retention. Every day, asset managers must show that they understand their needs by offering exemplary service, engaging in honest dialogue, and creating products which address real needs. In short, the basis of client retention is client knowledge. And to know your investors you must communicate with them; on all topics that concern them, on all occasions, everywhere they are.

-Mario Mantrisi
V.P. of Product Innovation and Regulator Relationship
KNEIP

KNEIP
Everywhere your investors are

Mario Mantrisi
V.P. of Product Innovation and Regulator Relationship, KNEIP

After 2009 Turned Business Upside DOWN...

HR Needs New Methods for 2010

The economic upheaval in 2009 forced companies to make fundamental changes in the way they do business. Managers were, and in many respects still are, under enormous pressure to re-structure, improve processes, control budgets, down-size, merge or do whatever was necessary to remain profitable or, in some cases, simply survive. HR managers have found themselves in the eye of this hurricane, needing to remain calm and focused while serious challenges blew all around them. While they dealt with layoffs, low morale, job redundancies, hiring freezes and more, most recruitment firms and head-hunters saw a significant decrease in new mandates. In addition, with unemployment rising dramatically, job seekers found fewer opportunities and in many circumstances lower salaries.

2009, while extraordinary, can be viewed as having accelerated changes that have been taking place for a decade. Re-structuring, streamlining and cost-cutting are not new. From the HR perspective, the obvious long-term trend is that companies are trying to reduce labor costs whilst continuing to increase productivity. They need to accomplish their goals with substantially fewer people. What 2009 taught us is that the expectation companies have for employee productivity has changed forever. Expecting employees to be more productive is no longer a trend – it's a fact. Unfortunately, many HR managers and recruitment agencies don't understand that, for companies to find employees who will succeed in this environment, clear methodologies must be consistently used to better evaluate potential candidates.

While experience and technical expertise remain qualities candidates need, the underlying competencies and the degree to which these can be harnessed and developed are factors that are now even more important as an indicator of future success of that individual with the organization. At Greenfield, we've developed a framework of techniques that are used to assess and identify the following, or any other key competencies that are essential to the needs of our client's business:

- leadership
- efficiency
- innovation
- flexibility

Let's start by looking at leadership. Employees are often overworked, insecure about their jobs and asked to deal with areas outside the core of their job description. Managers who can motivate employees under these circumstances and build morale are essential. We are able to identify qualified candidates by utilizing methods that evaluate management styles, communication skills and their ability to command respect.

Efficiency is the foundation of productivity. Measuring a candidate's ability to manage time, organize tasks and implement projects has always been important – but it is now an essential evaluation criteria. To get a deeper understanding of a candidate's skills, we are able to develop in conjunction with our client sample projects that require substantial personal initiative and problem solving to determine the most efficient approach.

Many innovative technologies and tools come online regularly that give employees new ways to increase efficiency and streamline processes. An employee who seeks innovative solutions and has the ability and desire to use them is a great asset to any company. A manager who understands how to find and implement new methods, and who can motive employees to learn and use them, is invaluable. A desire to innovate is more an attitude than a skill, and something that we are able to clearly evaluate.

Finally, the new business paradigm compels companies to find employees that are flexible. Market and regulatory conditions change fast, so it doesn't matter if your employees work in IT, finance, legal or other fields, they must be flexible. If they are afraid of changes to their job, they will hamper a company's competitiveness. Again, evaluating a candidate's ability to be flexible is not easy, and we've spent a lot of time developing methods that uncover how an individual will likely respond to change.

The key for HR success in 2010 is to attract and retain employees that have a combination of competencies that reflect the needs and demands of the business. This means all of us in this sector will have to be flexible and use innovative methods to find candidates that will thrive in the new, pressure-packed business environment. Companies should take this opportunity to ask more of their recruiters; and aim to develop long-term partnerships that really help them in reaching their business targets.

2010 Outlook

From a recruiters point of view things are certainly looking better since the last quarter of 2009 and we have felt a marked increase in mandates for new positions. In general the volume of companies that are actively recruiting has increased. One challenge we fear many firms will face as more job opportunities become available is a "double dip:" companies that had to push their staff hard in the last couple years, have cut salaries and bonuses or stopped promotions could have many unhappy, dissatisfied employees. The danger is that as the employment market improves these companies may find themselves having to contend with a new staffing crisis on a local level.

From a job seeker's perspective, we foresee an overall increase in the level of vacancies available within the Finance, Legal and IT sectors – not a return to the levels of 2006 / 2007 but certainly many more than the last 18-months.

Recent years have taught us all some tough lessons. At the end of the day, we feel we've learned how to do our jobs even better giving our clients an edge by developing innovative methods to find the best candidates for this business environment.

-Christopher Purdy, Partner
Greenfield Recruitment Partners

About Greenfield:

Greenfield is a Luxembourg recruitment firm specializing in the Finance & Accounting, Legal & IT sectors. It has recently moved to new offices at 6, boulevard Pierre Dupong, L-1430 Luxembourg. Contact Christopher Purdy: christopher@greenfield.lu or (+352) 26 38 36 51.

GREENFIELD
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TEAM Allied is part of The TEAM Group, an independent company specialising in delivering fully integrated moving, relocation and other associated services primarily within the corporate market. For over four decades, the Group's specialist brands have been delivering these services on a global, national and regional basis to many of the world's leading multinational organisations and government agencies.

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TEAM ALLIED


Romain Jeblick, Secretary General of luxorr

Copyright Industries & INTELLECTUAL PROPERTY

luxorr: Promoting Content in the DIGITAL ERA

After the agricultural and industrial revolution, mankind is presently undergoing its third structural mutation towards the ubiquitous digital information society. On the global scale of the planet, the rapid progress of climate change, demography and technology continuously nourishes uncertainty and insecurity whilst the prevailing economic crisis would certainly not help to calming the minds.

Though it has been precisely in this critical break period that the 2009 European Year of Creativity and Innovation (EYCI) has introduced a fair sound as it undertook to give value to the homo creans by stressing the long term cultural promotion of what represents the spinal cord of the nascent cognitive society: the respect and protection of the creative human being and his work through intellectual property rights (iprs), such as copyrights.

The Importance of Intellectual Property and Copyright

The – a priori banal but a posteriori essential – lesson to be identified out of the many events of the EYCI that have taken place in Luxembourg and the other countries of the European Union during 2009 is that at the roots of any creative/innovative idea and its "materialization" under all possible forms stands naturally an author and the context the latter is expressing his creativity. This context is generally determined by important investments of all kind, namely time, thought, communication, money, technique and technology and above all competence, training, engagement and visionary commitment. To put this "content investor" in a position to be able to exploit these efforts and harvest the legitimate fruit out of them, the lawmaker has provided a right that enables him to protect his tangible and intangible investment assets that is the iprs and among them i.a. copyrights.

While in the emerging global knowledge society, easily accessible digital technologies naturally and rapidly tend to erase geographical and other borders, more and more deeply linked questions concerning legal and even physical security appear, more precisely in relation to information security, privacy protection and intellectual protection of all kind: illegal use (piracy) of text material, software, pictures, audiovisual works, patents, trademarks, drawings, models, even counterfeiting of vital medicine.

The protection of iprs thus becomes progressively a growing cultural and socio-economic challenge of high structural importance. The future of creativity and innovation, so much celebrated during a whole year in the member states of the European Union and Luxembourg, will mainly depend on the esteem of the author and his work through clear, adequate and enforced legal protection of his performance, especially in the field of the global digital environment of the internet. The objective is clear and highly motivated: (re) building collectively and in solidarity a culture of education and values that leads to powerful and durable economic growth.

luxorr: Granting Copyright Compliance to Businesses and Public Users

While information and communication technologies are more and more facilitating and speeding up "copy-paste" processes, unfortunately a huge mass of protected content of any kind is copied illegally, which is ineluctably resulting into private and public revenue losses.

Collective management of copyrights and other intellectual rights, as managed by luxorr in the field of reproduction and public lending right of textual and motionless pictorial works, offers a transparent and simple method, from both the point of view of the rights holder and the rights user.

While information and communication technologies are more and more facilitating and speeding up "copy-paste" processes, unfortunately a huge mass of protected content of any kind is copied illegally, which is ineluctably resulting into private and public revenue losses.

In Luxembourg – as in most other countries of the world – the management of a growing number of iprs is administrated by specialized collective management entities. As in fact copyrights cannot be managed effectively neither locally nor abroad by authors and other rights holders individually, the Luxembourgish legislator has introduced the collective rights management system, which enables the copyright holder and the neighboring right holder (author, publisher, performer, producer, progeny of the foresaid...) to mandate the organization for rights exploitation. This system is not only helping authors in getting compliance to their rights worldwide, but also facilitates the user's life who is committed to only one contact granting legal compliance for the use of protected material, thus avoiding long lasting and expensive administrative and/or legal proceedings. In this context it is useful to stress that in the emerging information society, a growing number of users are also rights holders and vice versa, which makes the topic even more interesting while enabling the parties to reach a win-win situation.

While luxorr (Luxembourg Organization for Reproduction Rights) is licensing users, as already mentioned, for the use of text and motionless pictorial material fixed on traditional media (books, newspapers, magazines…) or more recent ones (computers, websites…), other collective management organizations resident in the Grand Duchy of Luxembourg cover other types of works, as i.a. Sacemlux (audio works…) or Algoa (audiovisual content).

Collective management of rights as provided by luxorr is more precisely defined by the following criteria:

- luxorr's licensing activity is authorized by the Minister of Economic Affairs and Foreign Trade and undergoes a twofold control by a public Commissioner and a independent external financial auditor ;
- luxorr is managed by authors and publishers and mandated by these;
- luxorr grants legal compliance to private and public users i.a. through reprographic and digital reproduction licenses covering a large repertoire of Luxembourg and foreign text and picture material (businesses, educational bodies, information centers, copy shops, document suppliers, administration);
- luxorr is redistributing the collected license fees to the rights holders;
- finally, luxorr is promoting cultural activities.

-Romain Jeblick, Secretary General of luxorr
luxorr: Luxembourg Organisation for Reproduction Rights, NP

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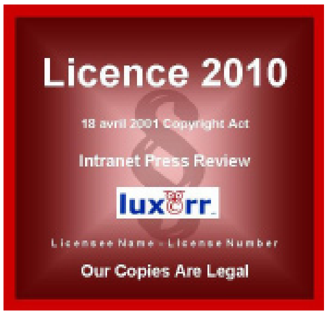

ADVERTISING IN CONNEXION

Connexion is the official publication of the American Chamber of Commerce in Luxembourg.

3,000 copies are distributed free of charge to the members of AMCHAM, embassies, members of affiliated organizations, hotels, media and government agencies. Readership includes a sophisticated English-speaking community consisting of the local business leaders, professionals, and decision makers in Luxembourg.

A limited amount of advertising space is available at very economical rates.

PRODUCTION SCHEDULE:

Issues are published in March, June, September and December.

For further information on advertising in Connexion, please contact Iris Ovadiya at (+352) 43 17 56.

RATES

Advertisement Space	Member Fees in EURO	Non-Members in EURO
Back cover Full page (1 page A4)	1.150,-	1.275,-
Inside covers Full page (1 page A4)	725,-	800,-
Full color page inside	650,-	725,-
½ color page inside	425,-	475,-
¼ color page inside	225,-	250,-

For full year advertising (4 issues) 5% discount will apply.

The International School of Luxembourg & Ernst & Young:

A Renewed Business/Education COLLABORATION

Chris Bowman, International School of Luxembourg

Alain Kinsch, Ernst & Young

The International School of Luxembourg (ISL) and Ernst & Young are celebrating 10 years of collaboration. This celebration coincides with a series of new initiatives aimed at benefiting all stakeholders, including students, families and the wider Luxembourg community.

ISL has a well-deserved reputation for the quality of its educational programme and its enriching range of extracurricular activities. As a leader in professional services, Ernst & Young, has always integrated socially responsible thinking and action into all aspects of its business, and hence has nurtured its relationship with ISL.

Since 2000, Ernst & Young has been supporting ISL's technology infrastructure, by enabling ISL to develop its comprehensive computer platform. Today, ISL students use technology at every level and in every classroom. Information and communication technology (ICT) literacy provides them with the necessary skills to learn independently, to solve problems, to communicate, to innovate, and to collaborate.

"Technology brings the real world into the classroom and provides a platform to encourage student innovation and productivity, preparing students with skills essential for success at university and the workplace," comments Alexis Thomas, Upper School ICT Facilitator at ISL.

"Ernst and Young's sponsorship of the International School of Luxembourg lies with our idea of being socially responsible and of having a workplace opened to the world around us. It shows our willingness to encourage young people in their education to succeed in their careers," says Alain Kinsch, Country Managing Partner of Ernst & Young, Luxembourg.

This year, the business/education collaboration between ISL and Ernst & Young has developed to a new level. These new initiatives will include regular visits by Ernst & Young professionals to ISL students and will include business sector presentations. ISL students will gain a first-hand appreciation of business life and will broaden their perspectives and potentials. Job shadowing opportunities have also been scheduled for the next few months.

A ceremony to recognise Ernst & Young's many years of support to ISL will be held on 26 April 2010 at the school, providing an ideal opportunity for the ISL Board and Leadership to celebrate this collaboration with Ernst & Young executives and representatives.

"Our relationship with Ernst and Young stretches back ten years and provides an excellent example of a positive and productive business and education collaboration in Luxembourg. Ernst and Young's generous contributions have directly benefitted our students and we are excited about new opportunities currently being explored that will continue to build our collaboration and provide exciting learning opportunities for our students," comments Chris Bowman, Director of the International School of Luxembourg.

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ERNST & YOUNG
Quality In Everything We Do

AMCHAM participates in Haiti Relief Effort

After the violent earthquake which struck Haiti in January, AMCHAM Luxembourg mobilized its members to participate in the Haiti Relief Effort organized by the Red Cross. Member companies participated by organizing internal fundraising, helping distribute information regarding the situation on the ground in Haiti and by purchasing emergency shelter kits. AMCHAM Luxembourg personally purchased 20 shelter kits to help families in dire need of temporary housing.

croix-rouge luxembourgeoise

International Bazaar Donor Reception

A "Thank You Reception" was held on Wednesday, January 27th at the NH Hotel in Luxembourg to recognize and thank the corporate donors to the American Stand of the International Bazaar. The success of the American Stand was due in part to the generosity of these donors which include: AllianceBernstein, AMCHAM, The American Women's Club of Luxembourg, Brown Brothers Harriman, Cargolux, Caterpillar, Ernst & Young, Franklin Templeton, John Deere, JPMorgan, Masco, MassMutual, Merrill Lynch, Ocean Oil, Oracle, Pfizer, State Street and Streff.

MUAALC Ekkehard Stiller Scholarship

The Miami University Alumni Association Luxembourg Chapter (MUAALC) has begun a major fundraising drive to endow a scholarship fund to honor the long time director of the Miami Univeristy Dolibois European Center (MUDEC), Dr. Ekkehard Stiller.

Ekkie believed very strongly in – and worked hard to perpetuate the mission of – the Miami University J.E. Dolibois European Center. The lasting impressions and exceptional experiences that young American students gain while living and pursuing part of their studies in Luxembourg are at the heart of the philosophy of the center. Therefore the scholarship is destined to be given to students who would otherwise not be able to come to Europe to participate in the program.

MUAALC's ambitious goal is to raise 40.000 EUR to endow a permanent scholarship fund that pays out an annual scholarship to a financially needy and deserving student. By contributing to the fundraising, we can reach this goal, enabling gifted and deserving students to expand their intellectual horizon, experience Europe firsthand, and live an unforgettable experience.

Thanks to the gracious support of the Luxembourg Rotary, all contributions to the MUAALC Ekkehard Stiller Scholarship can benefit from tax deductibility in Luxembourg. Contributions can be wired to the special account set up in the Association Luxembourgeoise des Oeuvres du Rotary A.S.B.L. (IBAN: LU 94 0081 7737 4700 1003 - BIC: BLUXLULL) with the mention "MUAALC Ekkehard Stiller Scholarship". After completion of the Fundraising drive, all funds will be transferred to the Alumni Office in Oxford, Ohio which will be responsible for administering and perpetuating the scholarship. The beneficiaries of the scholarship will be chosen on the basis of their financial needs and academic performance. The selection will be carried out jointly by the Luxembourg Office at Miami University and the MUAALC Board.

For further information, please contact Antoine Scholer, President MUAALC, email: antoine.scholer@happysnacks.lu

Inequality and the Status of the MIDDLE CLASS:

Lessons From the Luxembourg Income Study

The Luxembourg Income Study (LIS), the Luxembourg-based data archive and research institute, will host an international research conference, June 28-30, 2010, entitled Inequality and the Status of the Middle Class: Lessons from the Luxembourg Income Study.

The conference, including an opening address by U.S. economist and Nobel laureate Paul Krugman, will be co-sponsored by the Alphonse Weicker Foundation; the Luxembourg National Research Foundation (FNR); the University of Luxembourg; and the Ministry of the Economy/STATEC. In addition, core support to LIS, which supports the conference, has been granted by the Luxembourg Ministry of Culture, Higher Education and Research (MCESR).

Overview

Many LIS papers on inequality have been published in scientific journals and are widely cited. This conference is LIS' first international conference aimed at bringing together the rich, varied, and inter-disciplinary literature on inequality that has long drawn on the LIS databases. Inequality experts, individually and as a group, will clarify patterns of variation across countries and over time, allowing for a collective assessment of the state of the art of comparative inequality research.

Many recent studies, using multiple data sources, have concluded that a number of industrialized countries have experienced a "hollowing-out of the middle" as income distributions have become increasingly polarized. The nature, magnitude, and determinants of this polarization appear to vary across countries and over time, indicating the need for a systematic assessment. Thus, the conference will integrate a crucial sub-theme: the economic status. of middle-class families and households.

The conference will culminate in a published volume, to be edited by LIS Director Janet Gornick and LIS Research Director Markus Jäntti.

The Program

All of the invited papers are from 16 senior scholars – or teams of scholars – who are experienced with the LIS or LWS micro-data. The papers will share certain basic characteristics: they will address the subject of inequality and will all pay attention to patterns and outcomes "in the middle" of the distribution. These confirmed papers will draw on the Luxembourg Income Study (LIS) micro-data or the Luxembourg Wealth Study (LWS) micro-data, although some may contain data from other sources as well; all will include a cross-national comparative analysis.

Panel I. Trends in Household Income Inequality: Has the Middle Hollowed Out?

The contributors will assess patterns in income inequality, across countries and over time, addressing the question of how shifting income distributions have affected the middle of the income distribution.

Panel II. The Role of Women's Employment in the Economic Status of Families

Panelists will address a set of inter-related questions about the role of women's work, paid and unpaid, in shoring up the standard of living of families throughout the industrialized countries. In addition to their substantive contributions, these papers will also showcase LIS' newly expanded labor market data.

Panel III. The Distribution of Assets and Debt: How Are Middle-Class Families Doing?

Papers presented on this panel will use micro-data from the new LWS database to explore a series of questions related to the distribution of assets and debt, across households and across countries.

Panel IV. Institutions and Politics: Politics, Political Behavior, and Public Opinion 'In the Middle'

The papers on this panel will tackle questions concerning the interplay between inequality and political outcomes, including voting patterns and public opinion towards, for example, the welfare state and immigration.

Panel V. Inequality in the "New" LIS Countries

The last panel will include papers focused on a selection of countries and regions that are currently being incorporated into the LIS data archive. One paper will address inequality in Brazil, and in other Latin American countries, in comparison to OECD countries. A second will focus on inequality in Japan, relative to inequality in other Asian countries, including Taiwan and South Korea. A third will assess income inequality in Iceland; it will use country-specific data from Iceland to assess intra-country trends, combined with data from LIS, which will allow a cross-national comparative analysis.

Discussants from Luxembourg will be invited to comment on each panel.

For more information regarding the Luxembourg Income Study or this conference, please visit the LIS website, www.lisproject.org, or call +352 26 00 30 20.

LUXEMBOURG INCOME STUDY

U.S. Ambassador Cynthia Stroum
Arrives in Luxembourg

Cynthia Stroum was nominated to be the 20th American Ambassador to the Grand Duchy of Luxembourg by President Barack Obama on September 11, 2009 and presented her credentials to HRH Grand Duke Henri on January 28, 2010.

A native of Seattle, Washington, Ambassador Stroum has indicated her intentions to focus on strengthening ties between the United States and Luxembourg in a variety of areas, including business, arts, education and technology. During her first official reception hosted at the Ambassador's residence on Boulevard Emmanuel Servais, Ambassador Stroum highlighted her intentions to build upon the overwhelmingly positive bi-lateral relationship that exists between the United States and Luxembourg and pledged to sustain and strengthen the partnership so that Luxembourg and the United States continue to be dependable allies and partners with each other.

Ambassador Stroum also specified how she intends to make meaningful connections between her impressive professional background and personal interests and Luxembourg: "There are so many areas in which I hope and plan to engage in meaningful ways in Luxembourg society.

As an entrepreneur and mother of a young businesswoman, I look forward to supporting the American business community in Luxembourg to expand enterprise and partnerships between our two vibrant economies.

As a former venture capitalist, I am excited by the new directions taken by the Luxembourg economy in recent years in areas such as bio technology, and I pledge to play whatever useful role I can to help build bridges in cutting-edge industries in the United States and Luxembourg.

As a long-time supporter of the arts and entertainment industry, I am very intrigued by the dynamic cultural landscape found in Luxembourg and I plan to support some new and exciting cultural exchanges in the coming years.

And as someone with a strong commitment to higher education for our young people and great ties with the University of Washington, I was excited to learn that about the University of Luxembourg: a dynamic, young, multi-lingual university with a charismatic leader. The Embassy has also taken concrete steps to increase participation in the prestigious Fulbright scholarship program in Luxembourg.

As a lifelong philanthropist, I am heartened by the extraordinary spirit of the people of Luxembourg… I look forward joining the Embassy team (and thousands of others) at the Relay for Life, which raises support and awareness for a cause very near to my heart: cancer treatment, cure, and care. A few years ago I lost my dear father to pancreatic cancer. So, like so many others who have been touched by cancer, I am committed to help advance research, support patients, and create hope."

Early on in her time in country, Ambassador Stroum demonstrated her commitment to the business community by attending the American Chamber of Commerce launch of the third edition of the "Working in Luxembourg" guide hosted by the Luxembourg Chamber of Commerce with special guests, Minister for Economy, Jeannot Krecké and the Mayor of Esch-sur-Alzette, Ms. Lydia Mutsch.

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American Community

ABAL (American Business Association)
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Luxembourg American Society
www.luxamculturalsociety.org

American Women's Club of Luxembourg
44 84 77
www.awcluxembourg.com

Democrats Abroad Luxembourg
26 67 17 26
www.democratsabroad.org/group/luxembourg

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The Network
www.the-network.lu

*All Government ministries can be contacted through the governmental internet homepage: www.etat.lu

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Winds of *Change…*

I´m writing these lines as I´m sitting in an airplane bound to New York City… After 8 years with AMCHAM Luxembourg many changes lie ahead of me: As of March 1st I have been offered the very unique opportunity to head the Luxembourg American Chamber of Commerce in New York. This change will open many new horizons which will certainly be challenging and exciting at the same time; in any case, one thing is clear: it allows me to stay in close contact with Luxembourg!

Ever since I had joined the AMCHAM team in 2001, I had the outstanding honor to work closely with many of you. In the course of years numerous events allowed me to experience the full scope of Luxembourg´s international business community and to get to know its members: ranging from the monthly ABAL luncheons to the 5th as well at the 10th anniversary celebrations, this time has enriched my personal and professional life with many fond memories.

Back in 2001 I started working with AMCHAM´s COO at the time, Toni Dudsak, whose energy and dedication to fostering the Chamber´s needs are not forgotten.

Ever since, the Executive Committee, headed by its Chairman, Paul-Michael Schonenberg and Vice-Chairman, Ian Whitecourt, has been an excellent sounding board for the Chamber's daily business and further growth and development. In this framework it was my pleasure to work with Mr. Guy Hornick (BDO Compagnie Fiduciaire), François Kremer (Arendt & Medernach), Dominique Robyns (Alter Domus), Yves Cheret (Alter Domus) and Héloïse Bock (Arendt & Medernach). Thank you for the great cooperation!

In 2003 AMCHAM was fortunate to have Margot Parra join the team as new Marketing Director and just another year later, our Office Manager, Dilek Ayaydin, made our team complete. I would like to thank the two of them for being wonderful colleagues and true friends. We always managed to keep up a lively spirit at the office even at times of peak pressure. I believe that we were a good example of the positive side effects of fun at work! I will miss you!

Luxembourg being the unique place it is, my position at AMCHAM opened the door to a multitude of relations with decision makers in the business world and on the political level. I cherish this experience and am pleased and excited to maintain a close link to all of you in the future.

Thank you for your great support of our Chamber´s activities and for the superb personal cooperation you granted me.

I urge you to stay in touch with me – if you require support from the "other side of the pond", I'm only a phone call or an e-mail away. Whenever you´ll be in the "Big Apple", don´t forget to stop by at the Luxembourg House, so we may continue our cooperation over a cup of hot coffee and a constructive conversation…

I wish all of you my very best!

Tatjana Schaefer

Tatjana Schaefer

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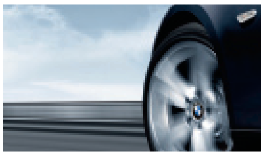

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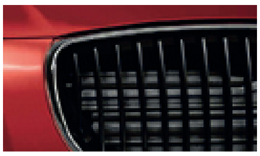

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