

COUNTRY
PROFILE

Luxembourg



WORLD COMPETITIVENESS RANKING **2018**

All data are available from the
World Competitiveness Online.

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LUXEMBOURG

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2018

- Moving towards a sustainable growth model, focused on productivity and following the 3rd Industrial Revolution strategy.
- Raise awareness, prepare and qualify the workforce to the digital economy, support digital innovation in SMEs.
- Improve State governance efficiency and further the entrepreneurial dynamic through administrative simplification.
- Create a friendly environment for start-ups and boost entrepreneurship.
- Significantly increase housing supply to meet the rising demand.

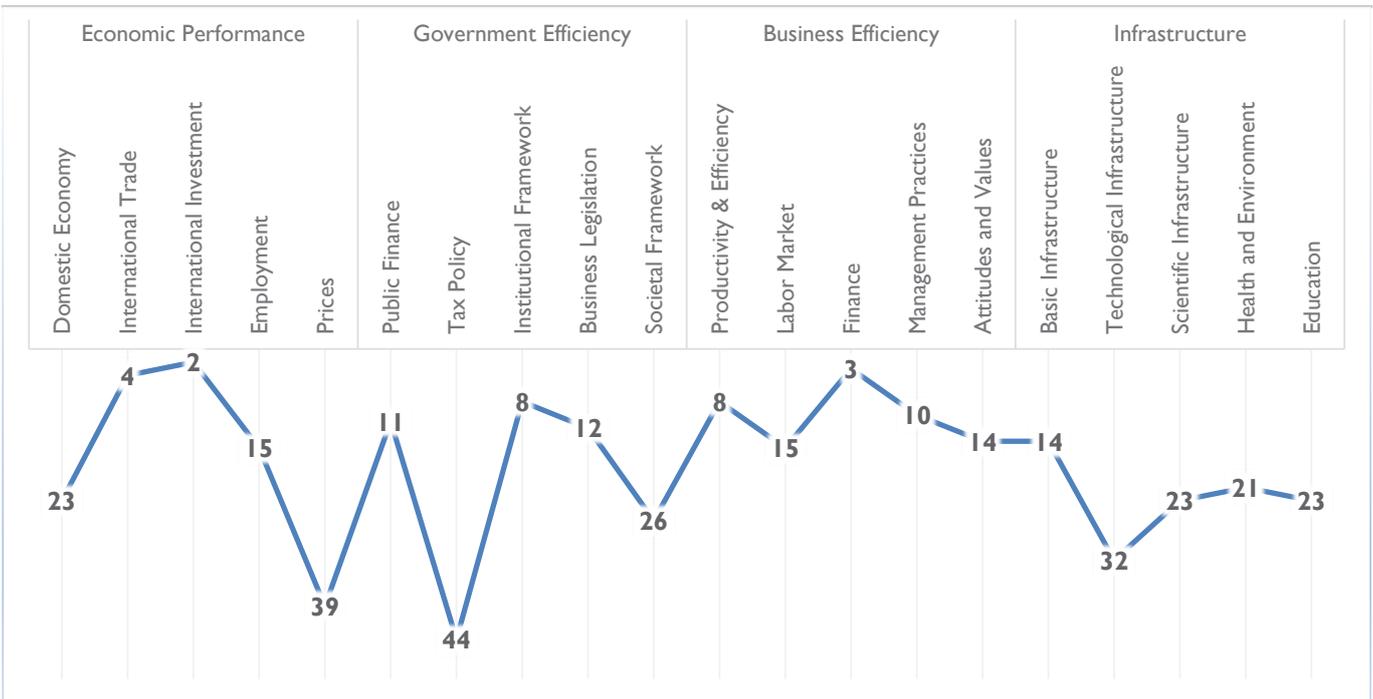
Provided by:

Chamber of Commerce of the Grand Duchy of Luxembourg

BASIC FACTS

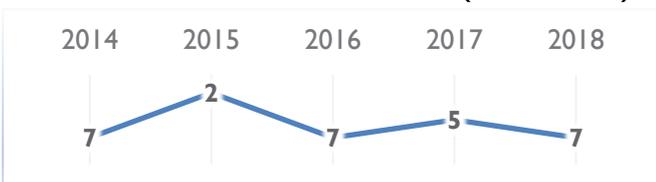
	Luxembourg	Rank
Capital		
Land area (square km '000)	3 ²⁰¹⁷	
Exchange Rate (per \$)	0.887 ²⁰¹⁷	
Population - market size (millions)	0.59 ²⁰¹⁷	62
Gross Domestic Product (GDP) (US\$ billions)	62.4 ²⁰¹⁷	53
GDP (PPP) per capita (US\$)	106,202 ²⁰¹⁷	2
Real GDP growth (%)	2.3 ²⁰¹⁷	40
Consumer price inflation (%)	2.06 ²⁰¹⁷	36
Unemployment rate (%)	5.90 ²⁰¹⁷	35
Labor force (millions)	0.46 ²⁰¹⁷	61
Current account balance (% of GDP)	4.41 ²⁰¹⁷	14
Direct investment stocks inward (\$bn)	245.5 ²⁰¹⁶	21
Direct investment flows inward (% of GDP)	45.81 ²⁰¹⁶	1

COMPETITIVENESS LANDSCAPE



PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



LUXEMBOURG

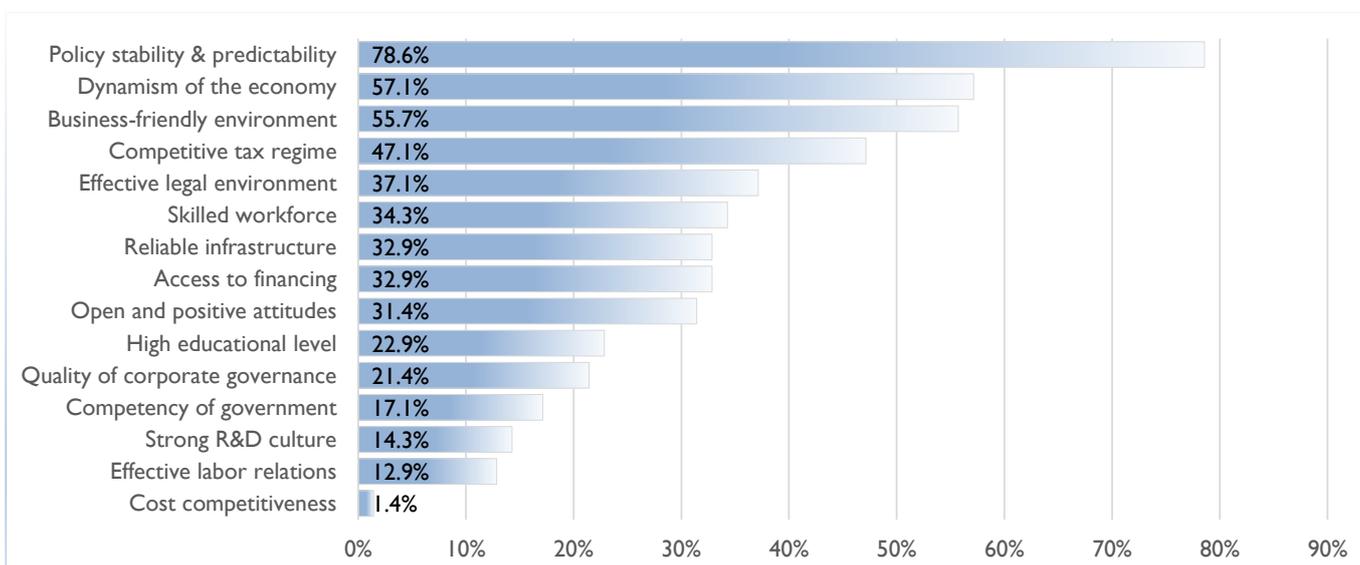
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY	DECLINES	WCY	WCY
	2017	2018		2017	2018
1.1.18 Gross fixed capital formation - real growth	-0.76	1.95	1.5.01 Consumer price inflation	0.11	2.06
2.3.08 Exchange rate stability	0.069	0.025	1.1.15 Real GDP growth per capita	1.83	-0.24
4.3.16 Patent applications per capita	493.07	598.96	2.3.07 Foreign currency reserves per capita	4,137	1,487
1.4.08 Youth unemployment	19.00	15.30	1.1.14 Real GDP growth	4.2	2.3
1.3.14 Relocation threats of R&D facilities	4.64	5.45	4.2.01 Investment in Telecommunications	0.42	0.28
2.1.10 Tax evasion	6.37	7.31	3.2.01 Compensation levels	17.63	22.88
1.3.15 Relocation threats of services	3.93	4.43	4.5.04 Pupil-teacher ratio (primary education)	8.94	10.74
1.1.19 Resilience of the economy	6.14	6.86	4.4.21 Environment-related technologies	0.05	0.04
4.2.17 High-tech exports (%)	6.82	7.60	4.3.10 Researchers in R&D per capita	5.1	4.3
3.5.02 Image abroad or branding	6.98	7.77	4.4.01 Total health expenditure	6.9	6.0
2.3.09 Legal and regulatory framework	6.37	7.06	2.5.04 Ageing of society	5.90	5.13
4.1.08 Population - growth	2.31	2.55	4.4.11 Energy intensity	55	62
4.4.17 Renewable energies (%)	5.0	5.5	3.3.07 Financial risk factor	7.66	6.77
2.4.18 Unemployment legislation	5.17	5.69	4.5.05 Pupil-teacher ratio (secondary education)	9.76	10.85
3.5.01 Attitudes toward globalization	6.61	7.23	1.4.07 Long-term unemployment	1.90	2.10

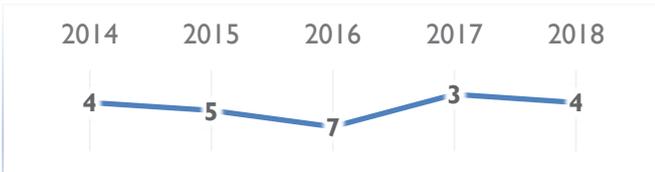
KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



LUXEMBOURG

ECONOMIC PERFORMANCE



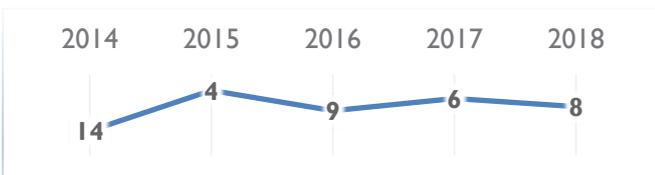
Sub-Factor Rankings :	2017	2018
Domestic Economy	11	23
International Trade	4	4
International Investment	2	2
Employment	18	15
Prices	32	39

GOVERNMENT EFFICIENCY



Sub-Factor Rankings :	2017	2018
Public Finance	9	11
Tax Policy	44	44
Institutional Framework	8	8
Business Legislation	16	12
Societal Framework	10	26

BUSINESS EFFICIENCY



Sub-Factor Rankings :	2017	2018
Productivity & Efficiency	3	8
Labor Market	19	15
Finance	3	3
Management Practices	10	10
Attitudes and Values	21	14

INFRASTRUCTURE



Sub-Factor Rankings :	2017	2018
Basic Infrastructure	9	14
Technological Infrastructure	23	32
Scientific Infrastructure	23	23
Health and Environment	21	21
Education	26	23

LUXEMBOURG

STRENGTHS

Economic Performance	Rank
I.2.13 Exports of commercial services (%)	1
I.3.02 Direct investment flows abroad (% of GDP)	1
I.3.06 Direct investment flows inward (% of GDP)	1
I.1.20 GDP per capita	1
I.2.23 Trade to GDP ratio	2
I.1.21 GDP (PPP) per capita	2
I.4.02 Employment (%)	3
I.3.08 Direct investment stocks inward (% of GDP)	3
I.3.04 Direct investment stocks abroad (% of GDP)	3
I.1.19 Resilience of the economy	7

Government Efficiency	Rank
2.3.10 Adaptability of government policy	3
2.3.03 Interest rate spread	4
2.1.10 Tax evasion	4
2.3.04 Country credit rating	5
2.1.09 Public finances	5
2.3.11 Government decisions	5
2.5.05 Risk of political instability	5
2.4.07 Investment incentives	5
2.4.09 Subsidies	6
2.3.09 Legal and regulatory framework	6

Business Efficiency	Rank
3.3.01 Banking sector assets	1
3.1.03 Labor productivity (PPP)	1
3.2.13 Labor force (%)	2
3.4.06 Corporate boards	2
3.1.01 Overall productivity (PPP)	4
3.3.04 Investment risk	5
3.4.05 Credibility of managers	5
3.2.23 International experience	6
3.2.22 Foreign highly-skilled personnel	6
3.2.11 Employee training	7

Infrastructure	Rank
4.3.16 Patent applications per capita	1
4.3.19 Value added of KTI industries	2
4.1.08 Population - growth	4
4.3.18 Number of patents in force	4
4.5.04 Pupil-teacher ratio (primary education)	4
4.5.18 Language skills	4
4.3.07 Total R&D personnel per capita	7
4.1.24 Electricity costs for industrial clients	8
4.2.19 Cyber security	8
4.2.07 Internet users	9

WEAKNESSES

Economic Performance	Rank
I.1.15 Real GDP growth per capita	58
I.2.08 Exports of goods (\$bn)	57
I.1.09 Gross fixed capital formation (%)	57
I.2.17 Export concentration by partner	56
I.3.15 Relocation threats of services	52
I.5.04 Office rent	44
I.1.18 Gross fixed capital formation - real growth	42
I.1.14 Real GDP growth	40
I.2.09 Exports of goods (%)	39
I.4.08 Youth unemployment	39

Government Efficiency	Rank
2.2.07 Effective personal income tax rate	55
2.2.01 Collected total tax revenues	52
2.4.15 Start-up days	49
2.2.08 Corporate tax rate on profit	46
2.3.07 Foreign currency reserves per capita	45
2.2.10 Employee's social security contribution rate	44
2.4.08 Government subsidies	38
2.2.09 Consumption tax rate	26

Business Efficiency	Rank
3.2.03 Remuneration in services professions	59
3.2.06 Working hours	58
3.2.04 Remuneration of management	57
3.2.16 Female labor force	50
3.2.01 Compensation levels	49
3.2.18 Skilled labor	43

Infrastructure	Rank
4.2.01 Investment in Telecommunications	50
4.5.06 Secondary school enrollment	48
4.4.17 Renewable energies (%)	47
4.2.11 Qualified engineers	47
4.2.17 High-tech exports (%)	46
4.4.01 Total health expenditure	43
4.4.21 Environment-related technologies	41
4.5.01 Total public expenditure on education	41
4.2.18 ICT service exports	39
4.2.02 Mobile Broadband subscribers	39

2018 release: 19th June

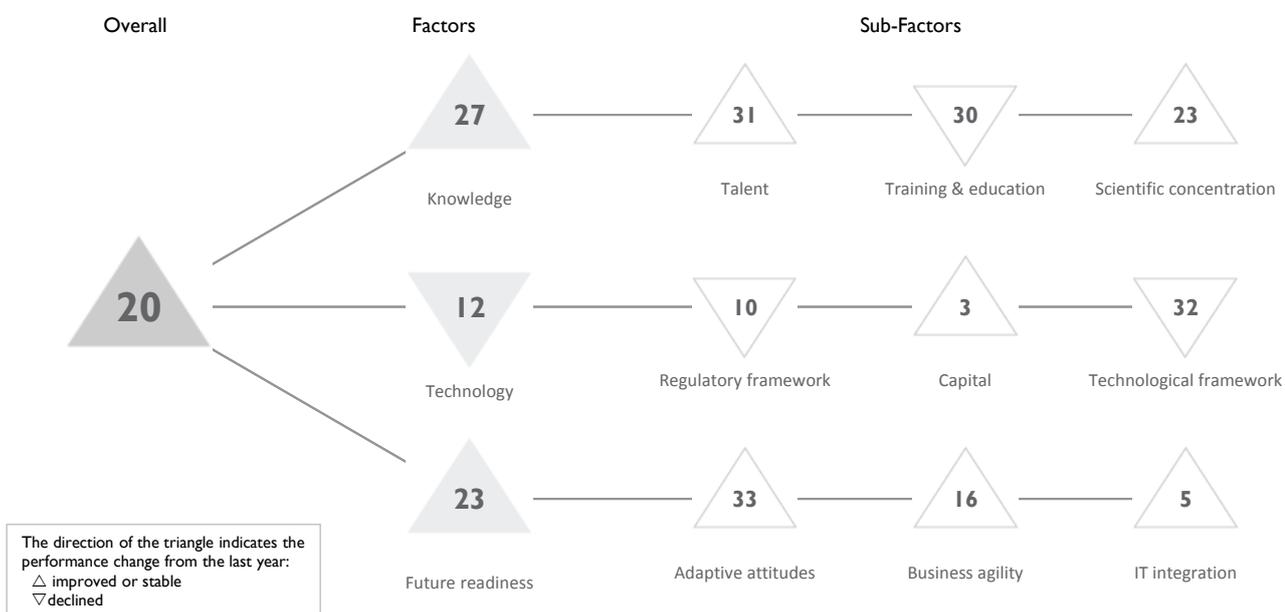
WORLD COMPETITIVENESS DIGITAL RANKING **2017**

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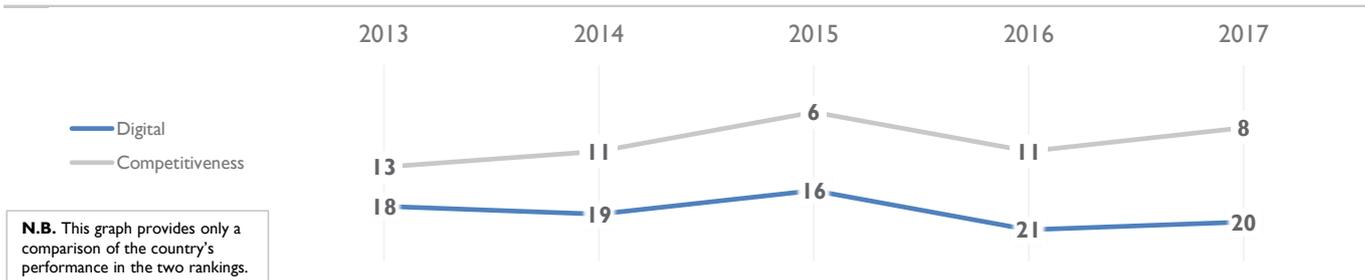
OVERALL PERFORMANCE (63 countries)



OVERALL & FACTORS - 5 years

	2013	2014	2015	2016	2017
OVERALL	18	19	16	21	20
Knowledge	27	28	23	29	27
Technology	7	3	2	11	12
Future readiness	23	21	23	24	23

COMPETITIVENESS & DIGITAL RANKINGS



PEER GROUPS RANKINGS

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LUXEMBOURG

► Overall top strengths

▷ Overall top weaknesses

KNOWLEDGE

Subfactors	2013	2014	2015	2016	2017
Talent	30	28	27	33	31
Training & education	14	18	13	29	30
Scientific concentration	31	34	27	25	23

Talent	Rank	Training & education	Rank	Scientific concentration	Rank
Educational assessment PISA - Math	31	Employee training	7	Total expenditure on R&D (%)	31
International experience	5	Total public expenditure on education	40	► Total R&D personnel per capita	3
Foreign highly-skilled personnel	6	Higher education achievement	12	Female researchers	41
Management of cities	10	► Pupil-teacher ratio (tertiary education)	1	▷ R&D productivity by publication	61
Digital/Technological skills	19	▷ Graduates in Sciences	55	► Scientific and technical employment	1
▷ Net flow of international students	59	▷ Women with degrees	42	High-tech patent grants	32

TECHNOLOGY

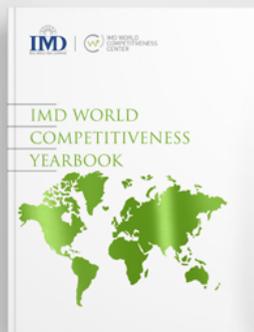
Subfactors	2013	2014	2015	2016	2017
Regulatory framework	1	9	4	8	10
Capital	5	1	1	3	3
Technological framework	18	21	22	28	32

Regulatory framework	Rank	Capital	Rank	Technological framework	Rank
Starting a business	36	► IT & media stock market capitalization	1	Communications technology	13
Enforcing contracts	15	Funding for technological development	10	Mobile Broadband subscribers	32
Immigration laws	9	Banking and financial services	21	Wireless broadband	26
Technological regulation	8	Investment risk	5	Internet users	12
Scientific research legislation	11	Venture capital	23	Internet bandwidth speed	38
Intellectual property rights	17	Investment in Telecommunications	23	▷ High-tech exports (%)	51

FUTURE READINESS

Subfactors	2013	2014	2015	2016	2017
Adaptive attitudes	31	29	34	34	33
Business agility	16	18	17	19	16
IT integration	10	12	7	12	5

Adaptive attitudes	Rank	Business agility	Rank	IT integration	Rank
E-Participation	37	Opportunities and threats	19	E-Government	24
Internet retailing	-	Innovative firms	17	Public-private partnerships	7
Tablet possession	-	Agility of companies	13	Cyber security	7
Smartphone possession	-	Use of big data and analytics	19	► Software piracy	4
Attitudes toward globalization	25	Knowledge transfer	15		



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