

INTERVIEW WITH H.E. JEAN-LOUIS SCHILTZ, MINISTER OF COMMUNICATIONS ON THE DIVERSIFICATION OF LUXEMBOURG'S ECONOMY

Special Focus on e-Commerce.

Q: *The government has set itself the goal to establish the electronic services sector as a pillar of Luxembourg's economy. How do you assess the situation today?*

A: Let me recall that the starting point of our ambition to establish the electronic service sector was the assumption that Luxembourg can build on the financial and the media sector to develop new business activities in the area of e-commerce. The financial sector is increasingly relying on ICT (Information and Communications Technology) and the media sector is about to converge with the telecommunications sector. These parallel developments have put Luxembourg in an ideal, if not in a pole position to attract companies in this new promising sector

Both the financial sector and the media sector have been building up over time an extraordinary pool of expertise. Both sectors' developments are and continue to be based on the principle of open markets, country of origin and free circulation of services. Both sectors are dependent on the availability of highly efficient international connectivity and communications networks. Both sectors have over time attracted highly qualified people.

It was in particular in this positive context and with this background that the Government has been able, over the past 5 years or so, to make Luxembourg appear on the radars of global e-business companies, considering to develop and diversify their business in Europe.

In parallel, Luxembourg heavily invested in communications networks, thus creating one of the most advanced ICT infrastructures, to the benefit of consumers and businesses.

I do think that today hardly anyone would seriously object when I am telling you that the Government's ambition and determination to build up this new sector has been fully validated by the impressive number of blue-chip e-business and ICT companies like Amazon, eBay, Vodafone, Skype, PayPal or iTunes, that have chosen Luxembourg as their base for developing their European business.

PayPal, headquartered in Luxembourg, represents by the way a very good example of an e-business company contributing also to the diversification of the financial sector. An ideal match, so to speak.

Q: *The Mid Term Review of the European Union on the i2010 program also showed that Luxembourg is well advanced in the information society, with many benchmarking indicators significantly above the EU average. Which future steps will be taken to further enhance this development?*

A: The i2010 mid term review of the EU indeed confirms that Luxembourg is very well positioned, in particular in the area of broadband connectivity, households' Internet usage and eSkills endowments. Other international benchmarks show that Luxembourg is improving in many other areas and that we are among the most competitive countries in this sector. This month, Luxembourg ranked fifth worldwide in the 2008 World Competitiveness Yearbook Survey and is the highest-ranked member of the European Union. Two companies from Luxembourg have been included in the InfoTech100 ranking realized by Business Week in 2007. Luxembourg is one of the OECD countries with the highest proportion of IT specialists. What's more, the last European innovation scoreboard, published in February 2008, states that Luxembourg is in the process of moving from the innovation followers to the innovation leaders.

Can we do better? Yes we can! According to these benchmarks, Luxembourg does not yet rank on top in relation to R&D investment linked to the ICT sector. This might change soon because the Government has recently integrated information security and high performance telecommunication networks as a new R&D priority.

There is also potential for improvement regarding e-Government. I know that my colleague Claude Wiseler, in charge of this specific aspect, is very committed and continues to work hard to further improve things on his side.

Q: *What measures have been taken to enhance Luxembourg's connectivity to international data highways?*

A: Connectivity is essential for consumers, it is vital for the business-community; it is the oxygen of e-business.

It is, in my eyes, the Government's task to constantly monitor the quality of the connectivity and to anticipate future needs. I have therefore committed a study on the state of connectivity in 2006 which led me to the conclusion, also after intense consultations with the main operators and all interested parties, that the country would face a constantly increasing demand for bandwidth and high quality service.

This led me to set up LuxConnect. LuxConnect's basic objective is to improve Luxembourg's connectivity in the interests of consumers and companies. LuxConnect is about to set up a high-speed redundant fiber optic broadband network to the main European centers like London, Amsterdam, Frankfurt, Brussels, Paris and Strasbourg. And I must say that I was extremely pleased to see that the mere announcement of the creation of LuxConnect triggered heavy investment by the private sector as well. A number of stakeholders decided to react to the public initiative by enhancing their own infrastructures and hence

Jean-Louis Schiltz



ABOUT... JEAN-LOUIS SCHILTZ

Jean-Louis Schiltz was born on 14 August 1964 in Luxembourg. He is married with three children and lives in Luxembourg.

Jean-Louis Schiltz was elected to Parliament for the first time in the general elections of 13 June 2004 and appointed Minister for Development Cooperation and Humanitarian Affairs on 31 July 2004. At the same time he was put in charge of Communications and in this capacity he actively promotes Luxembourg in the fields of telecommunications and information technology. On 22 February 2006, Minister Schiltz was entrusted a third ministerial portfolio, that of Defence.

In charge of the communications dossier within the Government, Minister Schiltz is responsible for the promotion of Luxembourg in the fields of telecommunications and information technologies.

From 1989 to 2004, Jean-Louis Schiltz worked as a lawyer at the Luxembourg Bar. In parallel to his work as a lawyer, Jean-Louis Schiltz pursued an academic career. From 1989 to 1991 he worked as academic assistant at the Law Faculty of the Université Paris I Panthéon Sorbonne. From 1991 to 2004 he was first assistant, then chargé de cours at the Centre universitaire de Luxembourg where he taught civil and business law. He is the author of a number of articles on banking and insurance law.

Keen on sports, Jean-Louis Schiltz was a Luxembourg team champion of fencing in 1983 and regularly goes running and biking. For ten years he was a member of the Legal Commission of the National Olympic Committee.

adding to the connectivity of the country. That was and continues to be very good news.

Q: Which perspectives do you see for the further development of e-business in the Grand Duchy? What concrete measures are being taken to attract new companies?

A: Luxembourg is today in a position to offer a globally attractive set of conditions to companies with a global European business scope in the e-commerce sector. These companies are getting established in Luxembourg to coordinate and organize their European activities. Amazon, Skype and PayPal have thus chosen Luxembourg as their European headquarters. Vodafone decided to centralize its global procurement center in Luxembourg.

Let me perhaps stress here the importance of a favorable regulatory environment. This is a top priority for us.

Another promising area of development that I see relates to intellectual property rights or similar assets, like domain names. The new legislation which entered into force in January 2008 creates an attractive framework for IP portfolio management in Luxembourg.

We also constantly monitor the state of the infrastructure, reassess the attractiveness of the regulatory environment, look carefully at new evolutions and take the necessary steps to make sure that the global environment continues to be attractive.

Q: What competition does Luxembourg have in the e-commerce sector?

A: There is competition in the sector. That is obvious. Luxembourg is not alone, but the issue here is that Luxembourg definitely has a unique selling proposition based on proximity, trust and predictability. That is what it is all about.

International actors regularly tell us that they appreciate the fact that Government officials and political leaders are receptive, that they are available to listen and that they are prompt in reacting and helping put in place pragmatic and efficient solutions.

Luxembourg also stands for trust and we are building on that trust to develop the e-commerce sector.

Last but not least the presence of a multilingual and highly skilled workforce, the international flair and the beauty of the country, the charm of the old city and the outstanding quality of life also matter at the end of the day, when companies take their decision in favor of Luxembourg.

Q: How important to Luxembourg's achieving its communication objectives are international companies?

A: International blue-chip companies locating in Luxembourg generate a kind of lighthouse effect for our country.

They bring visibility and contribute to put Luxembourg on the map. Now that Luxembourg is on the map, it also becomes a place for smaller e-companies to do business. Innovative SME's are indeed also important actors of a vibrant and booming sector.

Q: What type of platform (public or private) should exist to represent the e-commerce players' needs in Luxembourg?

A: It is not for me to advise the private sector as to how it should organize its activity. I care for close and regular contacts with the companies based in Luxembourg, both on a bilateral level and with the associations or informal groupings representing them. I believe we all share the same objective and should focus on our common goal, namely make sure that the environment for e-business remains attractive, that it becomes more attractive everyday and also that our efforts are sustainable in the long term as well.

Q: What role do you see organizations such as AMCHAM playing in this context?

A: AMCHAM is a real partner in our efforts to promote Luxembourg and we very much value the good collaboration we have.

Minister Schiltz, we thank you for this interview.

MEDIAPORT BECOMES “LUXEMBOURG FOR ICT”

Mediaport is a Luxembourg Government's initiative which offers a single point of contact for companies operating in the media and ICT (Information and Communications Technology) business. Launched in 1991, its first objective was to support new Luxembourg-based projects in the audiovisual and communication sector. Over the last few years the scope of Mediaport widened: convergence lead to extending the focus to ICT activities in general, although traditional media activities remain important. In line with the two other agencies «Luxembourg for Finance» and «Luxembourg for Business», Mediaport is about to be renamed «Luxembourg for ICT».



The key objective will remain the same: providing interested companies with a «one-stop-shop» for detailed information on business opportunities in Luxembourg and hands-on administrative guidance and contacts in the media, ICT and data management sectors. Behind «Mediaport» or «Luxembourg for ICT» stands a highly motivated team including lawyers and ICT experts who gathered over the years in-depth expertise and sensitivity for the market and the needs of the business. The agency actively seeks to develop and promote the attractiveness of Luxembourg for this sector, under the authority of the Minister for Communications.

“Luxembourg for ICT” identifies – through close and regular contacts with the players – the concerns of the companies in order to integrate them in the decision-making process that takes place at the political level. This is an essential asset and helps Luxembourg to constantly scrutinize its regulatory framework and insure legal coherence, flexibility for innovative concepts and business-friendly pragmatism.

This approach also triggered the Government's decision to create Lux-Connect and thus to provide the country with state-of-the-art technical infrastructure and connectivity.

The relationship between the agency and the sector works in symbiosis: company leaders have easy access to key officials of the Luxembourg Government. They can ask for start-up assistance and help throughout the implementation process of their projects by the same people who work on the legal framework and on the policy drafting. This enables Luxembourg to offer an attractive environment perfectly adapted to the needs of the digital economy. And thanks to this flexible approach, companies avoid time-consuming bureaucracies.

Mediaport also commands independent studies on the Luxembourg market, edits information material and promotes Luxembourg as an ICT and data hub abroad.

The expertise in media and information technologies combined with the trustworthiness and confidence, hallmark of the financial centre, lead to a unique understanding of the digital environment within the Government, confirmed by outstanding results in benchmarking reports and case studies.

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