
THE EUROPEAN POLICIES OF LUXEMBOURG

An Overview of
Luxembourg's Role in the
EU



Introduction

- Luxembourg, officially known as the Grand Duchy of Luxembourg, is a small yet influential country located in the heart of Europe.
- Despite its size, Luxembourg plays a significant role both in the European Union and on the global stage.
- Luxembourg is known for its high standard of living, rich history, and multilingual population,
- Is a unique blend of tradition and modernity.

This presentation will explore the key aspects of Luxembourg, including its geography, economy, culture, and its position within the European community as a founding member.

The characteristics and background of Luxembourg.

- **Place on the map**

- Luxembourg is strategically located in Western Europe, bordered by Belgium to the west and France and Germany to the east. Its central geographic position allows it to play a crucial role in both regional economic and political networks.

- **The factor of size**

- Luxembourg is one of the smallest EU member-states, both in terms of population (just over 600,000) and land area. However, its influence within the EU far exceeds its size due to its strong financial sector and central role in European economic policies.
- The country is a net contributor to the EU budget and advocates for policies that strengthen smaller EU states.
- The size of the country has not limited its economic development. Luxembourg is one of the world's leading financial centers, hosting numerous international banks, investment funds, and financial institutions. Its location in the center of Europe allows it to attract business and investment from neighboring countries like France, Germany, and Belgium.
- It is among the wealthiest countries in the world by GDP per capita.
- Founding member of key organizations like the EU, NATO, and the UN.

Type of Government

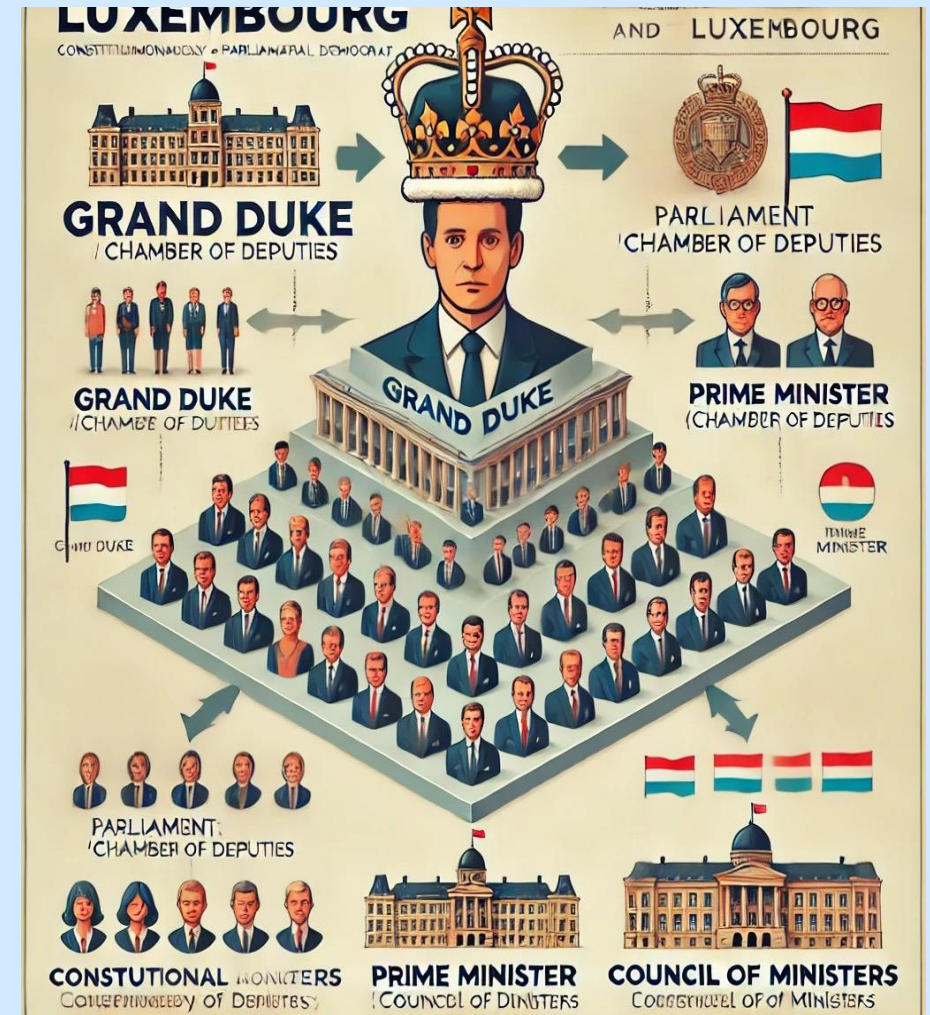
➤ Luxembourg operates under a constitutional monarchy with a parliamentary democracy. The Grand Duke serves as head of state, while the government is led by a Prime Minister.

1. Head of State:

- The **Grand Duke** is the ceremonial head of state. Currently, **Grand Duke Henri** has held this title since 2000.
- The Grand Duke's role is largely symbolic, with powers such as signing laws and representing the country internationally, but actual political power is limited due to Luxembourg's parliamentary system.

2. The parliamentary system:

- Luxembourg has a **parliamentary system**, with the **Chamber of Deputies** serving as the legislative body.
- The Chamber of Deputies has **60 members** who are elected every five years through a system of proportional representation.
- Parliament is responsible for making laws, approving budgets, and overseeing the government.



Type of Government

3. Prime Minister:

- The **Prime Minister** is the head of government and holds real executive power. The current Prime Minister is **Xavier Bettel**.
- The Prime Minister leads the **Council of Ministers** (the cabinet) and is responsible for day-to-day governance, implementing laws, and directing policy.

4. Council of Ministers:

- The **Council of Ministers** consists of government ministers who are in charge of specific portfolios, such as foreign affairs, finance, or health.
- The Prime Minister, with the Council, guides national policy and administration.

5. Separation of Powers:

- Luxembourg's government has a clear separation of powers among the executive (Prime Minister and Council of Ministers), the legislative (Parliament), and the judiciary.

Political Parties

**Christian Social
People's Party
(CSV):**

**Democratic
Party (DP):**

**Luxembourg
Socialist
Workers' Party
(LSAP):**

**The Greens (déli
Gréng):**

**The Left (déli
Lénk):**

Political Parties

Luxembourg has a **multi-party political system**, with several key parties that play an important role in its democratic framework. Here are the major political parties in Luxembourg:

1. Christian Social People's Party (CSV):

- **Political Position:** Center-right, Christian-democratic.
- **Overview:** The CSV is one of Luxembourg's most prominent and historically successful parties. It has been the dominant party in Luxembourg for most of the post-World War II period and has produced many of the country's Prime Ministers.
- **Key Policies:** Focuses on traditional values, European integration, and economic stability. It is also aligned with Christian-democratic principles.

2. Democratic Party (DP):

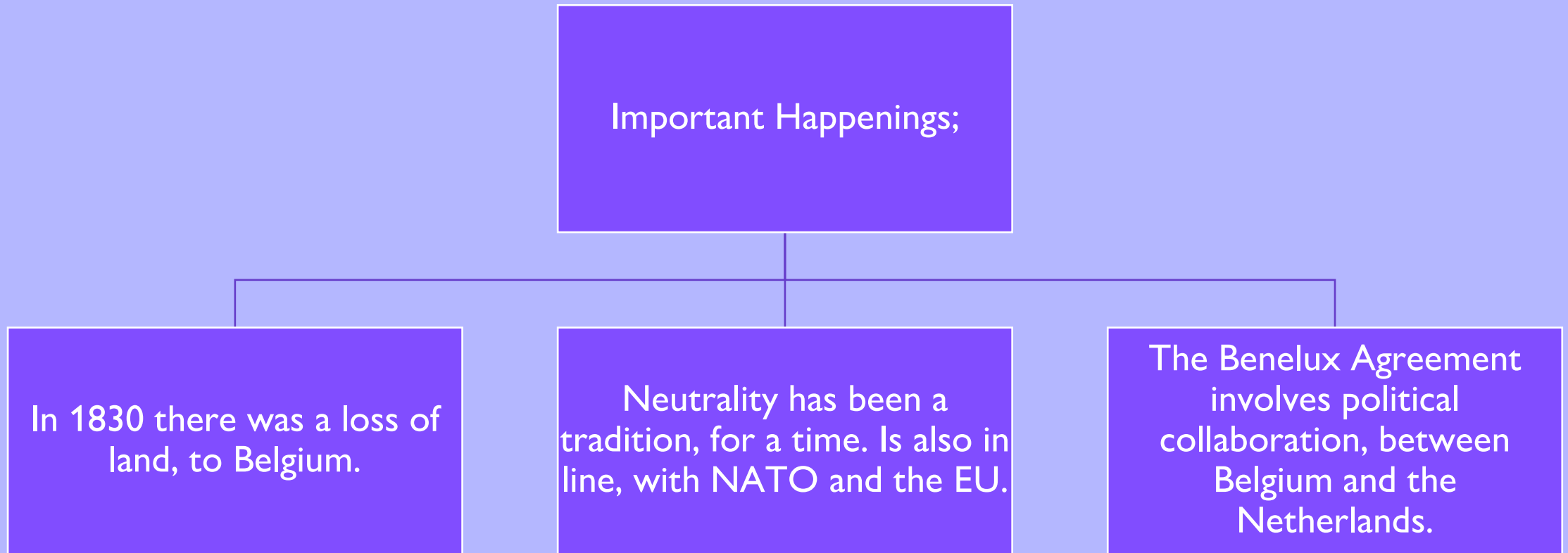
- **Political Position:** Center-right to center, liberal.
- **Overview:** The DP is a liberal party that advocates for individual freedoms, civil rights, and free-market economics. It is currently one of the ruling coalition parties and Prime Minister **Xavier Bettel** is a member.
- **Key Policies:** Promotes social progress, human rights, economic liberalism, and environmental sustainability.

3. Luxembourg Socialist Workers' Party (LSAP):

- **Political Position:** Center-left, social-democratic.
- **Overview:** The LSAP is a traditional social-democratic party that has often been part of coalition governments. It supports social justice, labor rights, and progressive taxation.
- **Key Policies:** Advocates for welfare state policies, labor protections, gender equality, and public services such as healthcare and education.



Historical Background



Historical Background

Belgian Revolution and Loss of Territory (1830)

- The **Belgian Revolution** erupted in August 1830, fueled by discontent in the southern provinces of the United Kingdom of the Netherlands.
 - French-speaking Belgians sought independence due to perceived neglect by the northern Dutch-speaking provinces.
 - As a consequence of the revolution, Luxembourg ceded important territories to the newly formed **Kingdom of Belgium**.
 - Key areas lost included the districts of **Eupen** and **Malmedy**.
 - The territorial changes were officially recognized in the **Treaty of London (1839)**. This treaty confirmed Belgium's independence and delineated the new borders of Luxembourg.
- **The loss of land marked a significant moment in Luxembourg's history, influencing its national identity and future diplomatic relations.**

Historical Background

Luxembourg's Neutrality

- Luxembourg's neutrality has been a defining feature of its identity since the 19th century, particularly solidified by the **Treaty of London in 1867**, which recognized its status as a neutral and independent state among the major European powers.
 - Maintains a non-interventionist stance, avoiding military alliances and foreign military bases. Focuses on diplomatic solutions and peacekeeping efforts.
 - Despite its neutral status, Luxembourg faced occupations during both **World Wars**, highlighting the challenges smaller nations encounter in maintaining neutrality during global conflicts.
 - In the post-war era: Luxembourg became a founding member of **NATO** and the **European Union** - Integration into broader European framework.
- **Today, Luxembourg actively advocates for international law and participates in multilateral forums, promoting stability and cooperation on the global stage.**

Historical Background

Benelux Agreement

- Established in 1944 during World War II to promote economic cooperation. The name "Benelux" comes from the first letters of **Belgium, Netherlands, and Luxembourg**.
 - The **Benelux Customs Union** was officially created in 1948 to allow free movement of goods, services, and labor. Aims to foster economic integration and political cooperation among the three countries. Seeks to create a unified market to facilitate trade and investment.
- **By fostering cooperation and integrating their markets, the Benelux countries have laid a foundation for further European integration and set an example for successful partnerships in the region.**

Why and What Europe?” Luxembourg’s EU Integration

- **Why Enter the EU?:**
- Luxembourg was a founding member of the European Coal and Steel Community (1951) and the European Economic Community (1957), driven by the need for security, economic stability, and a cooperative European future following the devastation of World War II.
- **What Kind of Europe?:**
- Luxembourg advocates for deeper European integration, particularly in areas such as financial regulation, environmental policies, and digital governance.
- The country has been a strong supporter of the Eurozone and Schengen Agreement, which have been instrumental in solidifying its position as a financial hub.
- Its preference is for a federal Europe, balancing national sovereignty with a powerful, cohesive EU, especially in matters of economic governance.



Challenges, from the EU. How Luxembourg is addressing them.

The Eurozone crisis:

- Luxembourg's strong financial sector remained resilient, maintaining its status as a global hub for investment funds and banking.
 - The government maintained fiscal discipline, with low public debt and budget surpluses before and during the crisis.
 - Support for EU-wide measures
 - Avoided harsh austerity measures
 - Focused on social safety nets and economic diversification.
- These are the key aspects that contributed to Luxembourg's resilience during the crisis.

Challenges, from the EU. How Luxembourg is addressing them.

The migrant crisis:

- Participated in EU relocation and resettlement schemes, accepting refugees from overburdened countries.
 - Provided asylum seekers with housing, healthcare, education, and language training.
 - Focused on long-term integration, including job and language training.
 - Collaborated with NGOs and local communities to support refugee integration.
 - Supported international efforts and organizations addressing the root causes of migration.
- Luxembourg handled the migrant crisis by showing solidarity with EU partners

Challenges, from the EU. How Luxembourg is addressing them.

The Brexit:

- Supported EU unity and a fair, orderly Brexit process.
 - Attracted financial institutions relocating from the UK to maintain EU market access.
 - Protected the rights of UK nationals in Luxembourg and Luxembourgers in the UK.
 - Ensured post-Brexit arrangements complied with EU laws and regulations.
 - Advocated for stronger European integration post-Brexit.
- These steps allowed Luxembourg to maintain its strong position within the EU while adapting to the economic and political changes brought about by Brexit.

Luxembourg's Economic status and Diverse Population

- **Wealthiest EU Country:** Luxembourg has the highest GDP per capita in the European Union.
- **Strong Financial Sector:** Financial services, including banking, investment funds, and insurance, make up a significant portion of the economy.
- **Low Unemployment:** The country maintains one of the lowest unemployment rates in Europe.
- **Low Public Debt:** Luxembourg has a low debt-to-GDP ratio compared to other EU countries.
- **Attractive for Foreign Investment:** It's a major hub for multinational corporations due to favorable tax policies and business regulations.
- **Diverse Economy:** Besides finance, Luxembourg is investing in technology, innovation, and green energy to diversify its economy.

Luxembourg's Economic status and Diverse Population

- **High Percentage of Foreigners:** About 47% of Luxembourg's population consists of foreign nationals, one of the highest in the EU.
- **Multicultural Society:** The country is home to many nationalities, with significant communities from Portugal, France, Belgium, Germany, and Italy.
- **Multilingualism:** Luxembourg has three official languages—Luxembourgish, French, and German—reflecting its diverse cultural makeup. English is also widely spoken.
- **International Workforce:** A large portion of the workforce consists of cross-border commuters from neighboring countries (France, Belgium, Germany).
- **Inclusive Policies:** The government promotes policies that encourage integration, including language learning and social inclusion programs for migrants.
- **European Institutions Hub:** Luxembourg hosts several European institutions, attracting a diverse group of professionals and expatriates. (European Court of Justice (ECJ), European Investment Bank (EIB), European Stability Mechanism (ESM)).

Differences, in attitudes towards the European Union, in Luxembourg compared to France and Germany

In Luxembourg, euroskepticism is relatively low compared to many other EU countries, as the population generally supports European integration, driven by the nation's economic reliance on the EU and the presence of numerous European institutions

Compared to France and Germany, Luxembourg exhibits lower levels of euroskepticism, as both France and Germany have seen significant political movements and parties advocating for reform or criticism of the EU,

Conclusion

- Luxembourg's robust economy and stable political environment support its commitment, to EU policies.
- In the future it is probable that they will continue to promote integration and maintain a partnership, with the EU.

Even though it is small, in size Luxembourg showcases how a country can have an impact, within the EU.

Thank you for your time!