

**MAIN SECTOR OF ECONOMY FOR INVESTMENT
IN LUXEMBOURG**

Luxembourg has a very open economy, high growth potential, balanced macroeconomic foundations, diversified industry, international financial centre, modern infrastructures, excellent market connectivity, and attractive institutional, legislative and fiscal framework. Luxembourg City is one of the three ‘capitals’ of the European Union, along with Brussels and Strasbourg. Luxembourg City is home to a number of European departments and institutions, including several departments of the European Commission (translation, publications, statistics), the European Court of Auditors, the Court of Justice of the European Union, the European Investment Bank (EIB), the European Investment Fund (EIF), the European Parliament’s Secretariat, the European Financial Stability Facility (EFSF), and the European Financial Stabilization Mechanism (EFSM).

The financial sector is the main driving force behind the Grand Duchy’s economy. Even so, the Grand Duchy’s authorities are aware of the risk of the economy being over-dependent on any one sector, and have adopted a policy of diversification of the country’s economic fabric by providing support for information and communication technologies (ICTs), logistics, bio- and eco-technologies, research, etc. as well as actively promoting the diversification of the financial marketplace. The Grand Duchy is a first rate financial marketplace. Some 150 banks (2014) operate out of the Grand Duchy. Luxembourg is the leading centre in Europe for investment funds (in second place worldwide, after the USA), the leading centre for private banking in the Euro zone, and the domicile of choice for reinsurance companies. Luxembourg for Finance (LFF) is the country’s agency for the development and promotion of the financial marketplace. The banks located in the Grand Duchy specialize in private banking (wealth management for private clients), insurance, the functions of custodian bank for investment funds and fund administration, and in the distribution of shares in investment funds. The activities of the financial marketplace are also diversifying into the fields of microfinance, philanthropy and Islamic finance. The financial sector creates one-third of the Grand Duchy’s GDP.

The latest value for Foreign direct investment, net inflows (current US\$) in Luxembourg was \$30,075,370,000.00 as of 2013. Over the past 11 years, the value for this indicator has fluctuated between \$224,552,000,000.00 in 2010 and (\$28,260,000,000.00) in 2007.

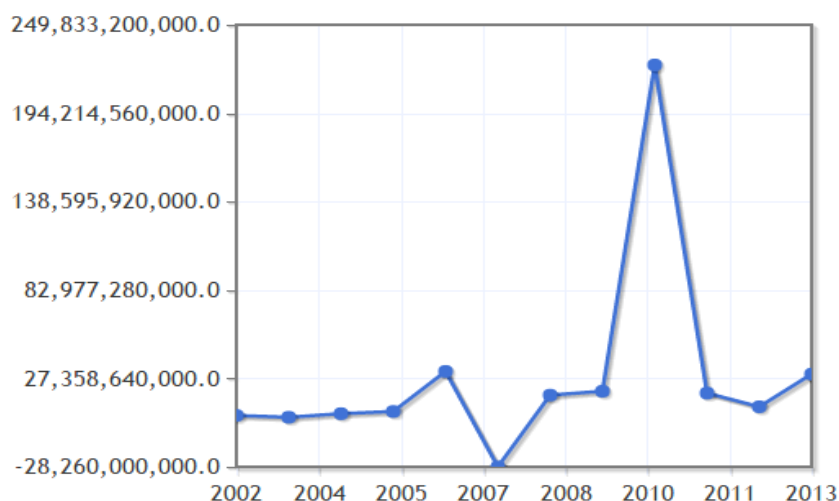


Fig. 1. FDI of Luxembourg

Foreign direct investment, net inflows (% of GDP) in Luxembourg was 50.02 as of 2013. Its highest value over the past 11 years was 430.64 in 2010, while its lowest value was -57.43 in 2007.

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CONJUNCTURE OF EUROPEAN FINANCIAL MARKET: CROATIA

Foreign direct investment, net outflows (% of GDP) in Croatia was -0.31 as of 2013. Its highest value over the past 8 years was 2.21 in 2009, while its lowest value was -0.39 in 2011.

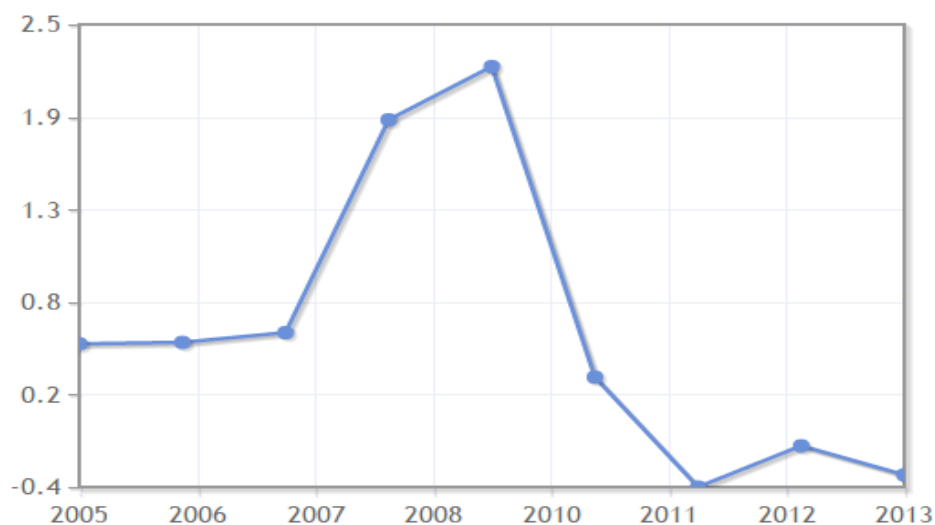


Fig. 1. Foreign direct investment, net (BoP, current US\$)

The latest value for Foreign direct investment, net (BoP, current US\$) in Croatia was (\$768,861,900.00) as of 2013. Over the past 8 years, the value for this indicator has fluctuated between (\$670,992,300.00) in 2010 and (\$4,606,483,000.00) in 2007. Since 2000, Croatia has been one of Central Europe's fastest growing economies, so investing in Croatia is naturally on the rise. Its main foreign trade partners are Italy and Germany. Although Croatia's history is ancient, on the economic front, it's still pretty much a new country. It wasn't even awarded investment grade rating until 1997.

Today, much further progress has been made toward implementing structural reforms, though the pace of reform has been slow. Nearly two-thirds of the Croatian economy has now been privatized, and around 90% of bank assets are privately owned, mostly by strategic foreign investors.

Around 60% of the country's GDP is generated by the services sector: Tourism is absolutely vital for Croatia, as it's this aspect of the service sector that creates the most income and employment. Tourism is Croatia's largest source of foreign revenue, but it currently accounts for only a small segment of foreign direct investment. The main interest in investing in Croatia comes from Europeans. Italian banks have been major participants in banking privatization, and the Germans and Austrians have a stake in the banking sector, too. Other sectors attracting interest include manufacturing, cement, pharmaceuticals, power, and telecoms. Again, prominent investors come from Germany and Austria, as well as the Netherlands, Italy, and other European countries, including Slovenia and Hungary. It's as well to bear all the caveats in mind, but many opportunities exist for foreign companies in a range of sectors. These include major infrastructure projects in railways, roads, power, water, oil, gas, telecommunications, tourism, shipbuilding, health care, medical equipment, consumer goods, and construction materials.

Croatia is an open market for foreign investors and those who come here to do business. Foreign investors are not subject to any special laws or regulations. You can carry out business under the same conditions as local business structures. In addition, foreign investors have some guarantees that aren't available to domestic investors. The Croatian constitution provides for the free repatriation of profits or capital upon termination of an investment. With an unspoiled natural environment, a celebrated cultural and historical heritage, and so much emphasis on Croatia as a tourism destination, it's worth investigating some of the investment possibilities offered in this sector. The Croatian Chamber of Economy suggests the future lies in "selective tourism." The country certainly has great possibilities for anyone looking to carve out a niche market. Increasing numbers of holidaymakers are seeking vacations that involve more than simply lolling on a beach. Take the water: Croatia is perfect for nautical tourism, dive tourism, cruising on small boats, and fishing tourism.